DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO 4, Ill.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

January 3, 1944.

As we start the new year, we naturally wonder whether we shall benefit from our experiences of the past and try to correct some of the obvious errors which have been made. First of all, it is proper to point out that food is an implement of war, and as such, it is just as wasteful to feed too much grain to animals, thus endangering our own consumption, as it is to use it improperly in other channels. Dr. Joseph S. Davis of Stanford University points out that a highly midleading slogan was current sometime ago, "The United States will feed the world." Obviously, we could not and we cannot, and our spokesmen should not have talked so loosely as if we were going to try to do this. Everyone is fully agreed that the United States will do all it reasonably can in conjunction with other food exporting united nations. However, when we face realities, he again refers to super-ambitious slogans, such as "Freedom from want" all over the world. Needless to say it may be many years before we shall fully recover from the great choas caused by hostilities. There are now even grounds for fear that because we have fed such tremendous quantities of wheat, we shall let down peoples who have been led to count on us for food within the coming year. In the midst of war, conditions have radically changed, although our agricultural policies have not been appropriately altered. We could just as easily manufacture alcohol from milo or from corn, in fact from a score of other articles, instead of using wheat, the supply of which is being dissipated much faster than is necessary. It seems almost a sacrilege to consume the highest grade protein wheat for alcohol when so many substitute articles could be found. The result will be that our reserve stock at the end of the season will be down to such proportions that if a small crop should be harvested, it might cause reason for great concern. As for Europe, much will depend upon the actual duration of the fighting. If peace should come early enough in spring to permit widespread plantings in countries like Italy, France, and the other occupied countries, the drain upon surplus nations will be materially reduced. In the meantime, our own plans for feeding of Europe are anything but satisfactory and on only one point does there seem to be agreement: namely, that the Army will take over and do the feeding in each area for the first few months after peace is established. Thereafter, it may behoove the relief and rehabilitation committees to carry on.

In any event we have ourselves to worry about at home, and there is already some talk by those who are planning the program that production of beef, poultry, and hogs must be discouraged; in fact, prevented for several years. Certainly our hog program was too ambitious, and the trouble is that we are prone to talk too big. The job obviously is big, but yet manageable. If properly sized up and with our resources effectively utilized, it can be handled within our limitations. Perhaps we have also erred to the extent that we underrated the brains, tact, planning and organization which the tasks demanded.

Wheat loans for the week increased only 569,000 bu but redemptions amounted to 4 1/2 million bu, with nearly 20 million bu totally redeemed since last July. Thus, the net amount impounded is only 106 1/2 million bu; on the same date a year ago, loans had been completed on 381 million bu. Consequently, price has been a big factor.

The visible supply of wheat decreased 942,000 bu; total stocks are 117 1/4 million, or 83 million bu less than last year. The rye visible increased 309,000 bu, but was due largely to payment of tariff on some of the bonded rye.

First prices were somewhat lower, influenced by further moisture which was moderate to fairly good over portions of the Texas Panhandle, Oklahoma, and central and southern sections of the Central States. There was no important flour business either by trade interests or for government account, but yet on moderate buying prices recovered, and were finally 1/8¢ lower to 1/4¢ per bu higher.

Feed grains at times were also inclined to be somewhat easier. There was 340,000 bu of corn booked from the country. Undoubtedly there must have been considerably more, but the leading elevator concern in Chicago does not report its purchases. Following the holidays the mid-western packing houses reported 241,000 hogs on hand, which was the largest single day's run in 19 years. Stockyards everywhere were jammed, and this shows the inclination on part of farmers to curtail their feeding operations. December set a record for hog slaughterings, with over 7 million killed.

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CHICAGO 4,Ill. Jan. 4, 1944.

The government continues to concern itself with inflationary tendencies, and while the line has not been held in all respects, we have to take into account that insofar as grains are concerned, we already have a ceiling on corn at a rather low level, which has been in effect for many months. We have also had temporary ceilings imposed upon oats and barley, and probably today or tomorrow the same action will be taken with respect to wheat. In this connection it should be pointed out that it was government action which was largely responsible for the inflation of grains. We have already pointed out in many of our market letters how a record corn crop last year was largely dissipated by forcing this grain into feeding channels. The same is taking place at the present time, and the movement of corn from farms is rather disappointing, although animals are being somewhat reduced, and as a result there may be some improvement in the situation as time goes on. When the loan program was first begun it was hoped to prevent a serious agricultural depression, but was never intended to boost prices artificially high. The Secretary of Agriculture could fix loans anywhere between 52% and 75% of the parity price, and he rightly chose rates near the bottom of the range, and did not use methods which would artificially tie up the crop by impounding wheat in tremendous quantities. When agricultural improvement set in, bounties and continually higher loans were enforced, which was a mistake. The farmer's share of the retail dollar reached 58¢ in 1943, the highest on record since 1919. In spite of this, high loans were maintained, and Congress a year or two ago prescribed a flat rate of 85%, and later raised it to 90%, although the higher loan did not apply to wheat and corn. Increases to 100% of parity, and further juggling with the parity formula now seem to have congressional support, when farm income is at unprecedented heights. As Dr. Davis of Stanford University points out, "This strikes me as a shamefully outrageous perversion of the original design." On top of all this, the government while trying to fight inflation has seen fit to make available probably 400 to 450 million bu additional wheat for unusual purposes, such as feeding to livestock and for the manufacture of alcohol, which may finally get our reserve stock down to a very dangerous level.

When our market opened this morning prices were reasonably firm. Rye went to new seasonal highs, and while general trade was not particularly active, it must be recognized that one of the large concerns in the East is supposedly holding millions of bushels of cash rye, which, in view of a crop of only 30 million bu that was raised last summer, gives them a very fair proportion of the total domestic visible supply stock. While we do not see any signs of the grain being consumed, it nevertheless, is having a very important bearing upon the price level, and undoubtedly has given encouragement also to other smaller holders, so thatpressure upon this cereal is next to nothing. There has been further encouragement in recent days because of the fact that Winnipeg rye futures have also risen considerably, and we are no longer on an import basis from Canada. Taking Winnipeg May rye at $1.26, and allowing for the discount of Canadian exchange, making the price actually $1.14 per bu in our currency, it would still be more attractive to the European buyer, but with a 12¢ import duty it could hardly move into our country.

The deferred wheat deliveries were quite strong on indications that the ceiling on hard wheat would be announced later in the day. It is thought possible that the price at Chicago for cash wheat may be placed at about $1.71 1/2¢ per bu, which is a little higher than earlier forecasts, but in the past few days parity levels have been increased to the extent of about 1¢ per bu.

Primary receipts were 1,794,000 bu compared with 1,889,000 bu last week, and 1,546,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 221,000 bu.

There was considerable evening up, particularly in rye, and despite a late break at Winnipeg, our market was pretty well maintained, with some traders fearing that if wheat reached the ceiling there might be an increased speculative trade in rye, resulting in higher prices. At the last wheat was unchanged to 3/4¢ per bu higher. There is no use in making immediate forecasts, as we shall have to await Washington developments; also it will be interesting to see whether the farmer will be more inclined to sell his grain after he knows that he can probably not obtain more than the maximum price prescribed by the OPA.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Jan. 5, 1944.

The long-awaited announcement on ceiling levels came to the trade just after the close of the market yesterday, but due to inclement weather the airmail service from Washington has been delayed and we have not yet seen a copy of the lengthy document dealing with the various provisions for maximum prices. However, the OPA and the various agencies have filed their report with the Federal Registrar, and thus it becomes the law of the land. The different exchanges held hurried meetings, and until all details could be fully studied, it was decided that for Chicago no trading in futures would be recognized above $1.71 3/8 until further notice. The price at Minneapolis is $1.62 7/8 for futures, and at Kansas City $1.63 1/2. This was more or less in line with expectations, but of greater importance in our opinion is the tremendous consumption of fine wheat for animal feeding. In addition to imports of 100 to 150 million bu, mostly from Canada, WFA reports that we shall probably consume domestically 350 to 400 million bu wheat for feeding to livestock, and also, it is recognized that a further disappearance of about 110 to 125 million bu for alcohol manufacture must be reckoned with. In normal years, our domestic consumption is about 700 million bu, which allows about 100 million bu for animal feeding. Thus under the present setup, we have to figure that an extra 300 million bu may be fed, and possibly 125 million bu utilized for distillation, which means a disappearance of 425 million bu over the usual quantity. In an effort to carry out this program, the CCC has been almost ravenous in its purchasing in various Northwest markets, in order to get further supplies, and this competition, together with the regular milling demand, is very harmful at a time when we are so close to ceiling levels, and when possibly the regular arteries of commerce may be choked.

We see no reason for trying to encourage such a feeding spree, and certainly it is not endorsed by thinking people of this country, who are beginning to worry about the situation next year, particularly with crop prospects already below normal. We shall easily reduce our reserve stock to the extent of 325 million bu, and it is very obvious that we cannot go on another year with such an extravagant expenditure of our human food resources. The winter wheat crop of 1944 is estimated at 527 million bu. We cannot figure safely at this time on producing over 225 million bu spring wheat. Adding to this a possible carryover of 275 million bu, we shall enter the next crop-year with supplies of 1,027 million bu, and the continuation of this feeding craze would eat us out of house and home, and might bring about a debacle, at least, to the extent that we would have to depend upon exporting nations for our bread.

Primary receipts were 1,199,000 bu compared with 929,000 bu last week, and 980,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 424,000 bu.

When our market opened this morning prices rose appreciably, and there was more momentum as the session progressed. It seems that the determination of ceilings for futures prices is left to the various Exchanges. Since cash wheat is permitted to have three merchandising charges of 1 1/2¢ added to the ceiling price, and since two elevation charges of 1¢ each are permitted in the ordinary course of business, some people are of the opinion that we can justify a higher figure for futures trading than the temporary price of $1.71 3/8. This caused considerable short covering, and at the last May wheat was still trading, but prices were near the temporary maximum figure. The deferred months were up about 1 3/4¢ per bu. It is rather difficult under the circumstances, to make immediate forecasts.

A good deal of buying came into rye, probably on the theory that wheat prices might be permanently frozen, but, of course, short covering was also an element adding to the strength, and new high figures were registered. It is a rather strange travesty upon government thinking that price of Canadian rye should have reached $1.29 per bu today, which is practically 10¢ higher than the wheat level when cessation of trading was ordered, because wheat prices then were considered excessively high.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO 4, Ill

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CHICAGO MERCANTILE EX.

January 6, 1944

For the first 25 weeks of the crop season our wheat and flour exports have been slightly in excess of 21 million bu. This suggests that for the year a forecast of 40 to 50 million bu probably will be borne out. In ordinary times, it is the foreign demand which has an important bearing on our reserve stocks at the end of the season. At the present time there is another factor which has come into first place: namely, the feeding demand. While this has been tremendous up to the present time nobody can tell for sure what will happen during the last six months of the year. The War Food Administration announced yesterday that it had arranged for purchases of more than 100 million bu of Canadian wheat for use as livestock feed, but a large part of this grain has already been shipped, and much of it may have gone into consumption. The BAE is more optimistic on the overall feeding situation than it has been for several months, although it is still warning the trade that local shortages may develop. There appears to be a definite slackening in the rate of feed-wheat sales, and an increasingly important domestic and Canadian purchasing activity. Feedwheat sales for the week were about 3 1/4 million bu, or only half as much as disappeared in the peak summer and fall consumption period. Total sales from July 1st, 1943, are reported at 208 3/4 million bu. This already has had a very marked influence upon our prices, but, of course, the future will be largely determined by government activities, and we again stress the fact that we could easily dissipate our surpluses if the consumption for animals is continued at the recent rate.

There is another large field of disappearance - namely, the wheat ground by industrial alcohol distillers, and it is now thought they will possibly use a larger percentage of corn and sorghums in their grind, but, of course, this also depends largely on the availability of the latter cereals. It can thus be seen that we are confronted with just as many uncertainties as ever before.

When our market opened this morning, prices were very firm in all pits. May wheat was wanted at the temporary maximum limit of $1.71 3/8, and a good many buyers were apparently unsatisfied, but still they were able to make purchases of the deferred futures, and markets on the whole were rather calm.

There is still no decision by the Board as to what the final ceiling prices will be for futures. The OPA order was just received in Chicago this morning, so that it has not been fully studied yet by all directors of the Exchange. There are stipulated maximum prices, but certain permissible mark-ups for merchandising, for elevation, and possibly even for brokerage. Thus, it is altogether possible that some of these mark-ups or service charges may be construed to constitute a legitimate assessment over the cash wheat ceiling price of $1.71 3/8 at Chicago. It is probably a matter for the attorneys to determine, and pending final decision one cannot be sure how high the futures ceiling may ultimately be established.

The demand was fully maintained, and with the holidays behind us there is an increased interest for flour in the Northwest, but it seems that mills have sold their commitments pretty well for January shipment, and have little to offer, with the same situation being quite general throughout the country. Even the Army, which has been in touch with mills for early shipment has not been getting as much as it would like, and it is becoming more apparent that the combined action of various governmental agencies is adding to the confusion.

While a good many people are predicting that ceiling prices will be reached, and that the market will remain frozen there, one cannot be at all sure of this development, pending action on part of farmers who may sell more freely if they think they will receive no more. Of course, any drop-off in the feeding demand would make more wheat available for consumptive channels. Therefore, taking the price at around the $1.70 level we may easily find a more two-sided market as time passes on.

There seemed to be more short covering in rye, possibly also in oats and barley. In rye one of the leading elevator concerns also was changing May hedges over to September. There has been considerable purchasing of futures on the theory that parity levels were a considerable distance away, but very few people stop to consider that the cash demand is still extremely poor, and cash rye has sold as low as 4 to 5¢ under the May future, or almost a full carrying charge.

UHLMANN GRAIN CO.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO 4, ILL.

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NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

January 6, [illegible]

For the first 26 weeks of the crop year [illegible] exports have been slightly in excess of [illegible] that for the year a forecast of 400 to 500 million [illegible] turns out, in ordinary times, this is the one sure [illegible] important bearing on the carryover [illegible]. Food [illegible] the present time [illegible] place; namely, the feeding demand. While this has been the case up to the present time nobody can tell for sure what [illegible] the last six months of the year. The War Food Administration yesterday took its recent [illegible] purchases of more than 50 million bu. of Canadian wheat for use as livestock feed, but a large part of this grain has already been shipped, and much of it [illegible] consumption. The [illegible] tion than it has been for several months, although it [illegible] the [illegible] many [illegible] definite slackening in the rate of feed-wheat sales, [illegible] important demand [illegible] arise from the [illegible] Commodity Credit [illegible] an disappeared in the past summer and fall [illegible] sales from July 1st, 1945, are estimated at [illegible] already has had a very marked influence upon [illegible] the future will be largely determined by government [illegible] we would stress the fact that [illegible] consumption for animals as [illegible] availability.

There is undoubtedly a large field of disappearance—namely, the wheat ground by livestock feeders [illegible] and it is now thought they will possibly use a larger percentage [illegible] grind. But, of course, this also depends largely on the availability of the latter cereals. It can thus be seen [illegible] just as many uncertainties as ever before in the deferred futures, but [illegible]

When our market opened this morning, prices were very firm in all places. May wheat was wanted at the Saturday's close of $1.71 3/8, and a good many buyers were apparently unable to [illegible] they were held up [illegible] announcement of the deferred futures, and markets on the whole were rather calm.

In general [illegible] by the [illegible] ceiling prices will be for futures. The OPA [illegible] in Chicago this morning, so that it has not been fully studied yet by all directors of the Exchange. [illegible] maximum prices, but certain permitted mark-ups for merchandising, [illegible] possibly [illegible] brokerages. Thus, it is [illegible] possible that some of these mark-up or service charges may be construed to constitute a legitimate [illegible] over the cash wheat ceiling price of $1.71 3/8 at Chicago. It is [illegible] a matter [illegible] to determine, and pending final decision [illegible] the futures selling may ultimately be established.

The demand was fairly maintained, and with the milling [illegible] there is an increased interest for flour in the Southwest, [illegible] it seems that mills have sold their [illegible] pretty well for [illegible] shipment, and have little to offer, with the same situation [illegible] quite general throughout the country. Even the [illegible] with [illegible] early shipments has not been as [illegible] as it would like, and it is becoming more apparent [illegible] various governmental agencies is adding to the confusion.

While a good many people are predicting that a ceiling price will be reached, and that the market will [illegible] cannot be at all sure of this development, [illegible] who may sell more freely if they think they will receive no more. Of course, any drop-off in the [illegible] demand [illegible] available for [illegible] channels. Therefore, [illegible] the $1.70 level we may readily find a [illegible] passes out.

There seemed to be very good [illegible] in rye [illegible] chasing [illegible] over to [illegible] a considerable purchasing of futures on the theory that parity levels are a considerable distance away, but very few people stop to consider that the cash demand is still extremely poor, and cash rye has sold as low as 4 to 5¢ under the May future, or almost a full carrying charge.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO 4, Ill.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

January 7, 1944

Feeding of grain has assumed such proportions in this country that it is well to take stock of the situation from many angles. We can now realize that in order to feed the number of animals on farms it has taken two bumper crops to accomplish this, and in addition to that we had to import tremendous quantities of grain from Canada; also, we made available our finest grades of wheat for feeding purposes to the extent that if we continue this for another year, our surpluses will be entirely depleted. As a result of this we shall have a tremendous amount of meat for allocation to all claimants during 1944 - the amount estimated at 24 1/2 billion pounds, and in addition to this there will be contingent reserve of about 1 billion pounds. Two-thirds of this will be made available to the civilian population, and the balance is for overseas shipment, lend-lease, our armed forces, etc.

It is interesting to note, however, that despite complaints on part of some people of the insufficient quantity of meat they are permitted, taking the country as a whole the per capita consumption for 1943 was 132 pounds compared with the pre-war average for every man, woman, and child in the country of only 126 pounds. On basis of present supplies the 1944 production will be equivalent to last year's. So that not only are we, as a Nation, eating better than we did before the war, but we are supplying vast amounts for export, and are importing only trifling amounts from South America.

When our market opened this morning, there were several factors to face. The overnight weather was better than had been expected, and light to moderate precipitation, mostly in the form of snow, was reported in nearly all sections of the Southwest. The chances are that further moisture will occur today and tonight, becoming fair Saturday. Traders, however, attached more importance to the Board of Directors' meeting, which is scheduled to take place this afternoon, and where very likely permanent ceiling prices for futures will be established. Nobody can plan definitely on the exact increase, but unquestionably cognizance will be taken of the fact that futures should be permitted to sell at comparable prices with cash wheat for the reason that every futures sale is predicted upon delivery, and in order to prevent congestion it is considered necessary to have a high enough permissible price for futures so that cash wheat can be tendered. The whole matter is a very complicated one; in fact, any attempt to fix prices is bound to bring about some inequalities. Nevertheless, the OPA order, unless revoked by Congress, has become the law of the land. Traders who observed May wheat reach the temporary maximum price of $1.71 3/8 yesterday, rushed in this morning to make purchases of the deferred months on the theory that any upward modification might carry all futures prices to the permanent ceiling level. This gave us considerable impetus on the bull side of the market.

The primary movement of wheat amounted to 1,279,000 bu compared with 1,255,000 bu last week, and 1,226,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 723,000 bu. When the visible is posted on Monday it will compare with a shrinkage last year of 2,725,000 bu.

In the absence of pressure, prices of the deferred futures all rallied to the temporary maximum level, and trading practically came to an end. The same was true at Minneapolis, where all three futures were wanted at the top levels, but at Kansas City, July wheat was still trading. This represents new crop, and of course, much may happen in the meantime. It may also be true that there is not quite as much speculation in that market as there is here. When trading in wheat stopped, and even before, considerable speculation went into other pits, particularly rye, and the September delivery at one time advanced 5¢ per bu, which is a day's permissible trading limit, but some reactions also took place, and best prices of the day were not maintained. Speculators appear to be looking for articles which are selling beneath their parity level. On the same basis cotton prices also advanced, and there was more trading in that commodity than our exchange has witnessed in several months.

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CHICAGO MERCANTILE EX.

January 10, 1944

Food, as an implement of war, bears close watching, and despite rationing which has cut down wasteful consumption, we cannot afford to overlook any item regardless of its comparative importance. In a general way, the government is doing a wonderful job, and careful watch is maintained on all WFA stocks to avoid spoilage. Inspectors make frequent checks, and the entire stock position is reviewed at least every ten days. As a result losses are said to have amounted to only 2/100th of one percent of total purchases. This is equivalent to a loss of less than $1.00 on every $5,000 of the goods bought. We are now entering a period which represents the low-food producing months of the year, but a constant rate of consumption continues. By careful planning the Nation in spite of big exports, will have enough food to go around. Our facilities for canning are enormous, and WFA stocks of merchandise in tins amount to 246 million pounds, or approximately 3 1/2 months' supply Frozen meat stocks in commercial storage total 446 million pounds. In addition to this WFA stocks amount to 9 1/2 million pounds, or perhaps 2% of the total quantity.

Our one weakness is quite obvious, and practically no attention has been given to our last large food resource: namely, wheat, which is being rapidly dissipated owing to the tremendous feeding program, and **the** large quantities which are being used for the manufacture of commercial alcohol. The government still has about 85 to 90 million bu of good milling quality wheat, which might come in very handy as a reserve stock, but unfortunately this is apparently destined for animal feeding, and possibly the loan wheat presently being impounded, and which amounts to something over 100 million bu, will meet the same fate if not redeemed. If someone in authority could see the picture as clearly as the grain trade does, would it not be a patriotic step to call a halt on this program, and insist that the feeding should be confined more to the normal grains, such as corn and sorghums, which are primarily raised for that purpose?

When our market opened this morning, it was influenced by the action of the Board of Trade Directors, who had established permanent ceilings for wheat futures on the basis of $1.73 3/8 - an increase of 2¢ over the temporary maximum. There was also an increase announced from Minneapolis of 2 1/2¢, raising their price to $1.65 3/8, while Kansas City remained at $1.63 1/2, which had been the temporary ceiling, but which appears to be permanent. This permitted practically all futures to become unfrozen. While nobody can forecast what will happen henceforth, it is at least to be hoped that the government, which insisted upon ceiling levels, will do its part in trying to keep the channels of trade operative. With the great desire to prevent inflation, and with a further purpose of trying to preserve our wheat resources, we feel that every tactic with respect to feeding, should be immediately reviewed; if necessary they could even call loans on the current crop, and place the grain back into consuming channels, particularly since market prices are above loan levels.

Primary receipts of 2,678,000 bu, were smaller than last week's which were 3,567,000 bu, but this compared with 2,186,000 bu last year. When the visible supply of wheat was posted it showed a decrease of only 1,816,000 bu. There is now a total in all positions of 115 1/2 million bu, or approximately 82 1/2 million bu less than was on hand a year ago. Chicago stocks increased 325,000 bu and amount to nearly 6 million bu in store, with an additional 238,000 bu afloat. There is 9 1/2 million bu of domestic rye here at Chicago, and about 3 1/2 million bu of bonded rye here, or close to 13 million bu in these two positions.

Traders were more influenced by the action of the market than anything else. Some disappointment was expressed that the new ceiling levels were not reached. Therefore, there was some liquidation, and final prices showed a decline of 1 3/8¢ per bu for the deferred months. May wheat was 1/2¢ higher. Today was calendar day for selling wheat, but little attention was paid to this. In fact, very little attention has been paid to the recent improvement in weather. They have had wonderful moisture in the Texas Panhandle, and also in many parts of Oklahoma, and some portions of Kansas. Many people in the Southwest look for a better movement of grain from farms. With so little to be gained on the long side, we are inclined to look for further weakness, especially in rye, which is so largely speculative.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

January 11, 1944

This country has raised bumper crops of corn in the past two seasons; yields in both periods were over 3 billion bu, and this apparently led to the belief that we could support almost any kind of a hog-feeding program in order to have the maximum amount of pork supplies during wartime. Of course, it is fallacy to entertain such reasoning, and even with the big imports of grain from Canada, and some from the Argentine together with the tremendous quantities of wheat which have been authorized for animal feeding, we are coming to a point where our program must be radically changed, or we shall face disaster.

Stocks of wheat owned by the CCC on December 1st amounted to 87 million bu, which was a reduction of 12 million bu from the month earlier. The quantity of wheat fed to livestock for the year beginning July 1943, including the wheat fed on farms where it is grown, also the domestic and imported wheat sold by the Commodity Credit Corporation together with the wheat purchased at the open market price, now seems likely to total about 500 million bu. Considerably more than half of this quantity had probably been fed by December 31st. We again caution that there should be an end to this practice before it is too late.

After the close of the market yesterday the Department of Agriculture reported that the stock of corn on farms amounted to 1,996 million bu. This suggested a heavier disappearance than for the previous year, and considering that both crop and carryover were somewhat smaller than in 1942, there is about 308 million bu less corn in the country than there was the previous year with a greater number of animals to feed. If the disappearance for the balance of the season continues at the same rate as was the case a year ago, we shall end up by having virtually no reserve compared with a very comfortable a surplus at the beginning of the season. It is, therefore, imperative that we immediately take stock of this situation, and amend our ways. We also feel that since wheat is the only grain in which there is a comfortable surplus that the same policy should be observed with respect to it.

The Bureau itself points out that the outlook for a continued heavy volume of crop production in 1944 is not as favorable at this time as it was at the beginning of 1942 and 1943. There will doubtless be a larger acreage in response to the higher goals which were established by the WFA, but prospects for better-than-average yields are not as bright. Fall precipitation, taking the months of September through December, was the lightest since 1939, and about 20% below normal. A record number of livestock is still on farms. It is true that hog slaughter has been at an all-time peak, and likewise slaughter of cattle, calves, and sheep, and even lambs, was at or near a record for the month of December. Nevertheless, it takes time to get us back to a more normal basis, and meanwhile it should behoove various governmental agencies to proceed with the greatest of caution. Unless our imports continue on a large scale, there is bound to be trouble, particularly with the difficulties of transportation, not only in bringing grain into the country but also in moving it from surplus to deficit areas. Let us never forget that the farm disappearance of corn since October 1st has amounted to 1,122 million bu, which is the largest October 1st to January 1st disappearance of record. Disappearance in the same period a year earlier which was already big amounted to only 1,026 million bu.

Primary receipts amounted to 1,755,000 bu compared with 1,794,000 bu last week and 1,944,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 210,000 bu.

Wheat prices were reasonably firm throughout the session; there was no great activity, and volume was just moderate. The government report had very little influence, indicating January 1st farm stocks at 379 million bu. This was second only to 490 million bu on farms a year ago, and compared with the ten-year average stocks of 227 million bu. There was no surprise in these figures, and it indicates the same carryover reserve next July, as the government had previously forecast. Nevertheless, it is important to appreciate that if our reserve stock is cut in half from that of July 1943, feeding of wheat to animals will become entirely too hazardous. Final prices were 1/4 to 1/2¢ per bu higher.

Rye was strong, and farm stocks are less than half as large as a year earlier, and only 55% of the average for the four years for which estimates are available. However, the quantity in the visible is large in comparision with the demand.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

January 12, 1944

When the wheat ceiling order was filed with the division of the Federal Register by the OPA, the determination of specific maximum prices for futures was left to the various Exchanges in order that they could establish such maximum prices in the light of their own rules, but also taking into account the government purpose. The government stated, however, that "Trading in contracts for the future delivery of wheat is an essential feature of the market. The use of futures as a hedging instrument provides a type of price insurance which is important to the merchandising and warehousing of wheat in large quantities. Protection from risks arising from price changes makes it possible to store and merchandise wheat on a narrower margin than would otherwise be possible. Hedging also permits the financing of marketing operations at lower interest charges because of the greatly reduced risk to the bank or house of finance. Accordingly it is the intention of this Regulation to preserve the existence of the futures markets as a hedging medium insofar as it is possible." This isvery encouraging that the government should recognize the true function of a futures exchange. However, with the vast amount of wheat which the CCC has been buying in various markets of the country, our prices are selling so close to the ceiling level that the market cannot perform as efficiently as though it were entirely free and unrestricted.

During the past week the government purchased 3 3/4 million bu of wheat domestically, as well as 9 3/4 million bu in Canada, a total purchase of about 13 1/2 million bu. Presumably all of this grain is to be used finally for animal feeding. They further have the market more or less congested owing to the fact that the wheat which was defaulted from other years is not going back into regular consumptive channels, but apparently is destined for animal feeding. Also more than 100 million bu under loan from the 1943 crop is withheld from the usual channels, and could easily be redeemed at a satisfactory profit if the government saw fit to call the loans.

Nevertheless, the combination of factors brought about chiefly by the government itself is responsible for the situation now prevailing. One of our good friends, who grinds large quantities of wheat commercially, does not feel justified in using the futures market, possibly being afraid that ceiling levels may be reached again, and that, therefore, he will be unable to sell flour if he cannot lift his hedge. He may still have in mind that there was a temporary freeze at the first maximum price of $1.71 3/8, where for a time practically all business of the country had been halted. It is very much like a person who has suffered a serious malady, who lives in fear that there may be a repitition. Thus, we feel that if the government is interested in futures market, as is evidenced by the statement quoted above, they take proper and adequate action in halting a program which is bound to dissipate supplies if continued, and which meanwhile is apt to disrupt normal commercial business.

Primary receipts amounted to 1,374,000 bu compared with 1,199,000 bu last week, and 1,314,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 531,000 bu.

Trading was extremely dull, and there was only 1/4¢ range in May wheat, and 1/8¢ range in the September. Nevertheless, some quiet selling of September wheat took place at $1.70. People who take a short position figure that it is almost a certainty that at least the European phase of the war may be over nine months hence, and figure that the present price is a wartime price, but if larger imports from Canada and Argentine become possible that recessions here are almost sure to come. Final loan figures are not available, although the time for taking out new loans has expired. As of December 31st, total impoundings amounted to 127 1/4 million bu, and about 22 1/4 million bu had been redeemed, so the net amount frozen is only about 105 million bu.

Rye was quite strong, and seems to be the only cereal enjoying comparative freedom. The nearby month, however, lost ground during the day's trade on the distant futures.

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CHICAGO MERCANTILE EX.

January 13, 1944

While nobody can definitely predict when the peace will come, General Eisenhower has forecast that 1944 would see the end of hostilities on the Continent, and other officers, also important in their respective commands but of lesser rank, have given out similar statements. The war in Europe has turned the corner, and the United Nations have the full initiative. Badly blasted from the air, worn by four years of war and blockade, having lost Italy as an ally, and having retreated on the Russian Front 700 miles the German people's desire for peace cannot be doubted. Thus, anyone trading in grain must give some thought to these considerations.

We remarked yesterday that September wheat, which represents a future nine months away, appears rather high at $1.70 per bu, particularly if the European phase of the war is over, and there is some relaxation of shipping, with the likelihood that the large wheat stock in Argentina will be available, not only for Europe, but for this country as well. The carryover of Argentine wheat on December 1, 1943 was indicated to be around 180 million bu. This is not only 10% larger than the previous year, but if correct, would be a record for all time. The estimate includes considerable quantities of wheat earmarked for special uses, such as fuel or food, and the grain was not utilized by December 1st. It also included wheat contracted for but not shipped by the end of the crop year. These various items are estimated to total around 68 million bu. The Argentine government, by the term of a decree dated July 22, authorized a diversion of a part of the large wheat stocks for use as fuel, the corn being in short supply. In previous years large quantities of corn had been burned, but with the heavy disappearance during the 1942-43 season, and a failure corn crop in 1943, there were no longer adequate stocks of corn available for fuel. According to our Department of Agriculture, reports indicate that somewhat less than half the fuel item (75 million bu) had been used by December 1st. By next March or April the new corn crop will be available, and thus the wheat allotted for burning may not all be thus consumed. Likewise, the 18 million bu of wheat intended for feed is not expected to be fully consumed before the corn crop is harvested. In any event, adding the prospective harvest of 290 million bu to the carryover, as aforementioned, we find that total wheat supplies amount to 470 million bu, or about 18% above the quantity of the previous year. Normal consumption in that country, including seed, is about 103 million bu. Therefore, it leaves a balance of 367 million bu for export and carryover, or for added uses in that country, which cannot accurately be foretold at this time.

The Argentine government is only permitting exports of 1941-42 crops. Possibly it wants to get rid of old supplies first to prevent deterioration. The price, however, for wheat FOB boats is 82¢, and it is also possible that later on the Argentine government may authorize the swapping of this wheat for the 1942-43 crop which commands a premium of 3 1/2¢. In any case, the normal peace-time freight is approximately 15 to 16¢ per bu, so it is altogether likely that shipments may be made to the Atlantic seaboard at about $1.00 per bu, so that even after paying a 42¢ per bu import tariff, such competitive possibilities cannot be completely ignored.

Primary receipts were ample for the time of the year, and amounted to 1,352,000 bu compared with 1,257,000 bu last week, and 1,002,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 748,000 bu.

There was some pressure on the distant futures, and we have pointed out for several days that the speculator must always bear in mind the possibility of peace toward the end of the year. Even the farmers may gradually change their psychology, and we note a slightly easier tendency in the Southwest with respect to cash wheat. Possibly the producer will gradually realize that the government has placed ceilings and not floors. It is also very often true that after recessions take place, there is a greater desire to liquidate, and with this in mind, we feel that the market from now on will be more two-sided.

Rye was easier, and there is an open interest of about 41 million bu in the various futures, besides which speculators appear to be carrying a good portion of the Chicago elevator receipts, for which the demand is anything but keen. Should this grain ever find its way back into the futures market, we could foresee sharply lower markets.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. January 17, 1944.

There was not much grain news over the weekend, but the CCC reported on loan stocks, and while it is no longer possible for a farmer to obtain a wheat loan on his 1943 wheat, there is still a lag in compiling data. During the past week of administrative work something like a million bu was added to the supply, which means that there has been 128 million bu impounded all told. However, the high prices now prevailing have also made it possible for a good deal of wheat to be redeemed. The liquidations during the week were quite heavy, amounting to over 4 million bu, with the result that there has been about 26 1/2 million bu all told withdrawn from the loan stocks, so that the total amount frozen is only slightly in excess of 100 million bu. This is quite a different picture from last year when 397 million bu was tied up, and at that time redemptions had been rather unimportant.

When our market opened this morning the carryover feeling from Saturday was bearish, and we are definitely of the opinion that bulls both in wheat and in rye are now on the defensive. We have had considerable correspondence with people in various parts of the country, and some of them have told us that the amount of unhedged wheat is quite sizeable. Ordinarily the high price would attract hedges to market, but there has been the further consideration of a ceiling, which might tie them to a short position, and thus make it impossible to merchandise their grain. In some cases where the wheat had already been milled into flour, it was even more serious, and these people, being fearful that the market might remain frozen, as was the case in corn, restrained their usual hedging operations. This is undoubtedly one of the reasons for the small open interest. Nevertheless, if prices continue to fall, there could easily be a nervous feeling developing in the country, particularly where great risks are involved, and where bankers generally make loans only where the grain is properly protected.

It is rather fortunate that Mr. Marvin Jones, the War Food Administrator, is fully cognizant of the wheat situation with respect to feeding and the requirements for human needs. We have stressed this continually in our market letters, being fearful that imports alone would not be sufficient to carry on such a feeding program as the one on which we have embarked. We believe that in order to protect our bread supplies, there will have to be a further liquidation of animals, since we cannot be altogether sure of bringing in 175 million bu wheat from Canada under present congested transportation conditions. Even Mr. Jones admits that failure to import this full quantity would be very serious and that more than 50 million bu would have to come in to the country all-rail to meet the unexpected demands, such as those connected with military operations. It is probably unfortunate that the high price of rye made it necessary to import several million bu at a time when the commercial demand was so poor. Undoubtedly some boats could have brought in grains that were more necessary to the war effort, but we have accumulated about 12 million bu rye here in Chicago, including some rye still in bond, because of the fact that during the last three or four delivery periods holders insisted on tenders, apparently wanting something for which they had no immediate use.

Primary wheat receipts were 2,726,000 bu, which is practically the same as last week, and compares with 1,786,000 bu last year. The visible supply decreased 3,268,000 bu, also much in line with a year ago, and total stocks are 82 3/4 million bu smaller than they were in 1943. Chicago wheat stocks decreased 402,000 bu; there is now 5,754,000 bu in store at this market, and 3,345,000 bu in bond. Chicago rye stocks are practically the same as a week ago, with 9 1/2 million bu at Chicago in the domestic supply, and still nearly 3 1/2 million bu of bonded rye here.

Trade was not particularly active, and we note that on Saturday there was four times as much volume in rye as in wheat, which is rather exceptional, but the open rye interest is also 10 million bu greater, being the highest now in rye for some time. There was buying at the last, possibly evening up of commitments, but we see nothing to change our opinion, and believe that unless there is a much better commercial demand the trend will be downward. Even in wheat, the cash demand is less keen, and for the moment it is easier to buy grain than to sell it.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. January 18, 1944.

Broomhall, in a recent article from Liverpool, stated, "Briefly, the businessmen of the country want the maximum amount of trade after the war, and they want the futures system of trading continued." He goes on to say that in the years prior to the war a strict form of production and trade control was exercised by the Axis countries of Germany and Italy. He admitted that it did achieve its objective by increasing home production, but only at the expense of the home consumer, who had to pay more for his food either in direct price or through taxation, and also, at the expense of the quality of the article. He also pointed out that the use made by these countries of the barter trade to serve political rather than economic ends was one of the least savory aspects of the experiment. He alluded to conditions in France, and when protection was carried to its logical limits home production of grain went far ahead of demand; thus supplies could not be absorbed. The domestic supply and demand was thrown out of balance and the surpluses were dumped on the international market at low subsidized prices.

Coming then to the exporting nations, they had to face realities, owing to increased production in Europe, to the extent that governments often intervened but only too often the intervention was unwisely planned. In other words, the guaranteed price level, irrespective of supply and demand, took the form of a guarantee and only prolonged or intensified the disequilibrium. In Broomhall's opinion, "Governments can do a service to the world by seeing how little control they can get along with, and when protection is necessary by seeing that it is applied intelligently and in a manner calculated to do the least possible harm to the trade." The services of a futures market cannot be obtained by any other means, and we believe that even the government has come to this conclusion, and so stated it in drafting the last OPA order with respect to ceilings, showing that they have taken cognizance that hedging is a necessary protective measure for millers, merchandisers, and other trade interests.

When our market opened today there was very little news. Temperatures were mild in practically all parts of the country, but no additional moisture was forecast, and in view of the fact that there are still many dry areas, this is probably having more influence than in ordinary times. As for the actual immediate need for snow coverage, it is not so necessary except if we have subzero spells, and, therefore, there have not been any complaints in the last week or so from the winter wheat areas.

There have been breaks of about 4 1/2¢ in some of the oat futures. Demand is pretty well maintained for the cash article, and the visible supply amounts to only 12 million bu, with about a million bu here in Chicago. So with the tightness in feeds which has prevailed, no oat stocks have been built up. This has led a good many people to the conclusion that even though ceilings may be rolled back, oats have comparative merit.

Rye also recovered. The latter, of course, has been strong for months, and we cannot subscribe to the constructive side at the present level. It is quite true that certain people have bought large quantities of cash rye and are withholding it from the market. They may possibly hope that distillation for beverages will again be permitted, but this seems doubtful while the war lasts. After hostilities, it is possible, but so is also the opportunity of importing from the Argentine. Therefore, advances of 30 to 40¢ a bu in our opinion have discounted many of the so-called attractive features.

After mid-session there was some profit-taking in both oats and rye, In fact, this was characteristic of all trading, possibly prompted by the heavy marketings of corn, and as one trader remarked, if farmers are willing to sell this cereal at about 2¢ per pound, it makes him feel less confident of some of the other grains.

Primaries of 1,810,000 bu compared favorably with last week, when they were 1,755,000 bu, as against 1,598,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 107,000 bu.

Wheat, which ruled firm early in the day, was subjected to some pressure at times by cash interests, but there was a good undertone with the close showing a slight advance.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Jan 19, 1944.

It is rather difficult in most years to start crop scares during the latter part of January, but yet with the dry conditions which prevail in many states, there is consideration being given to next year's prospects, particularly since our domestic consumption continues on such a heavy scale. When comparisons are made with the year earlier, we, of course, are reminded that the previous winter wheat crop started under very auspicious circumstances, but yet in analyzing the situation, we must appreciate that while American farms in 1943 turned out the second largest harvest ever known, there were any number of handicaps. Total acreage of crops harvested was about 347 1/2 million acres, but of this amount 13 1/2 million acres were lost by floods, drought, and other causes. In any case, we can expect that a larger acreage may be harvested next summer owing to the fact that the government has permitted heavier plantings, although much will depend upon the abandonment and the ability to get farm labor. During the past year, there were the fewest number of workers on farms in the thirty-five years of record. The number employed was about 10 1/4 million, or a reduction of about 1% from 1942. This was due entirely to the fewer number of hired farm hands, and thus the coming year may witness a further contraction, although the draft laws have been modified to the extent that exemptions are granted to those working in agricultural pursuits. It is encouraging to learn that the seasonal decline in total number of farm workers during the latter part of 1943 was only 11% compared with an average decline of 13%. Consequently it is altogether possible that we have seen the worst and that there will be sufficient labor to take care of prospectively larger acreages.

At the present time winter wheat is in a dormant condition and it matters little whether snows are received now or three or four weeks hence, provided, of course, there are no severe temperatures meanwhile to hurt the plant. Everyone knows that with the moisture deficiency we have to have snow or rain to make a crop, and it naturally would be more reassuring if some relief were afforded soon in the dry areas. Somehow Nature is often provident, and weather generally averages out, although naturally there are exceptions to the rule.

When our markets opened this morning prices were rather firm in all pits, and rye was especially strong, some attention being directed to the possibility of larger amounts being consumed in feeding channels if the CCC goes through with its program of zoning sales of feed wheat. They have bulled rye for practically every conceivable reason. Basically, of course, it is selling at a pretty big discount under wheat, but the demand for distillation never was realized, and even for the manufacture of alcohol wheat has received the preference. Some additional quantities may have been used on farms for feeding purposes, but never at the expense of building up a large visible supply. Hope of going into export channels at the end of the war, also is far-fetched, with a big crop being harvested in the Argentine, and the price far below values here. Undoubtedly, the Chicago market would have been considerably weaker except for accumulation of tremendous quantities of cash rye, and most of the receipts appear to be speculatively held, with the result that transportation and storage has been tied up, but the commercial demand remains as indifferent as ever.

Primary wheat receipts of 1,430,000 bu compare with 1,374,000 bu last week, and 982,000 bu last year. Kansas City and Minneapolis stocks show a total decrease so far this week of 298,000 bu.

After mid-session it became apparent that corn marketings, including overnight purchases, would again be very heavy, and more than 600,000 bu was reported booked from the country. This brought some selling into all pits, but there was never any appreciable pressure, and, therefore, declines did not extend far. Last wheat prices were unchanged to 1/4¢ per bu higher.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Jan. 20,1944.

Winter drought in the Mid-West has been characterized as "unprecedented," and while everypne knows that we had a deficiency of moisture during the fall months; which was reflected in the low condition of winter wheat, yet it is pointed out by the Department of Agriculture that good rains in the late winter and early spring would go a long way toward offsetting adverse effects of the dry spell. The Bureau itself has made no comment as to the possible effect of dry weather on the eventual winter wheat harvest, and went so far as to say that only broad generalizations are possible at this time. However, there are a great many who feel that we have had three years in which conditions were almost ideal; therefore, if Nature averages out, we may be headed for an under-average crop, but by the same token of averages one might conclude that having had the dry spell for the last five or six months, we might almost be ready for a change. As a matter of fact, there has been considerable relief and the drought was broken by heavy winter snows in Oklahoma, Kansas, and Texas, although a feed shortage developed, and in the range areas there was even a deficiency of stock water. Probably Nebraska and the Central States have fared the poorest, but officials in Ohio and Indiana summed up the situation by saying that the deficiencies could be made up by a few good rains, although up to the present time there has been little snow to protect winter crops. If it were to be left to an agronomist from this time on to choose the period for getting moisture and probably doing the most good, he would undoubtedly ask for a soaking wet spring rather than an apppreciable amount of moisture now while the ground is still frozen.

This all had its market effect today, and right from thestart wheat prices were firm, and a better sentiment quickly spread to other pits. There continues to be a fair movement of corn from the country, and since much of the grain is damp, farmers figure that they are better off to sell it now rather than to take a chance of deterioration and marketing it later as sample grade corn, and then receiving a poorer price. Whether this movement will keep up cannot be foretold now, and even the car shortage is causing lighter bookings than might otherwise be the case. Industries are storing up as best they can, realizing that the time for accumulations is while the movement is on, and it is quite a different situation from that which existed in rye, with supplies being sought by those who had little use for the grain, but hoped that a future demand might develop. These holdings of rye have tied up considerable elevator space, and they prevent the industries which need the corn so badly for war use from accumulating all that they might otherwise store away.

In the meantime, farmers have witnessed a relatively poorer ratio between corn and hogs than heretofore. At present it stands at 11.4 compared with 11.5 the previous week and 15.1 a year ago. In other fields feeding also has become less attractive, and the output of baby chicks by commercial hatcheries has been considerably below that of a year ago, possibly influenced also by difficulties encountered in obtaining feed in deficit areas. Even the hatcheries in the surplus feed areas indicate that the demand for chicks, while good, is probably not as great as it was last year.

Primary receipts were somewhat smaller at 1,361,000 bu; this was practically the same as last week when the primary movement amounted to 1,352,000 bu; a year ago it was 1,216,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 356,000 bu.

Weather remains mild and dry in practically all sections of the country. The mildness, however, has been favorable for feeding conditions, and this is one of the few open winters thus far that we have had in many years. Undoubtedly, it means a conservation of feed, and since this letter has been so important in our calculations, one must give some consideration to it. However, the firmness was brought about mostly by fears that the wheat and rye crops next summer would fare badly unless moisture developed, and with no encouragement by map readers, there appeared to be a reasonable amount of short covering and some investment buying.

Wheat prices at the last showed an advance of 1 1/4¢ per bu.

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CHICAGO 4,Ill. Jan.21, 1944.

The newspapers in various parts of the country have given considerable publicity to the lack of moisture in different sections of the wheat belt, and unless one analyzes these reports very closely, the natural conclusion would be that it is dry everywhere. This, of course, is not the truth, and taking a country as large as ours, which extends thousands of miles from the Atlantic to the Pacific, and on the North from Canada to the Gulf, one could hardly expect that moisture would be evenly distributed in every section of the land. Traders very often make the error of asking how the weather is in Canada during the growing period, forgetting that it might be raining in Manitoba and yet quite dry in Alberta and Saskatchewan. Thus we feel it would not be amiss to quote a little from some of the weekly crop and weather bulletins which were just received.

For Oklahoma it was stated that no precipitation occurred during the week. The ground remained largely snow-covered, as a result of an unusually heavy snow the preceding week. The snow cover is melting slowly, with little or no run-off. Indications are that with ample soil moisture, root development made substantial progress. The snow-cover is not only providing subsoil and surface moisture, but also, protection for small grains from freeze damage. The Kansas State Report said that little field work was possible during the past week because of wet and snow-covered fields and cold weather. No measurable precipitation was reported. However, the snow-covering that was rather general at the opening of the week had disappeared by the close, except in some of the southwestern counties. Referring to crops the report further stated that snow melted slowly over the State until near the close of the week, and still covers much of southwestern Kansas. Wheat is in the dormant stage but recent snows have improved the supply of top soil moisture. By the end of the week fields were sufficiently cleared in most localities to permit pasturing of wheat, although they were quite muddy during the day. For Nebraska, which is farther North, and where likewise winter wheat emerges from hibernation at a later period, conditions were not so favorable. No measurable precipitation was reported. Temperatures were considerably above normal for the week, with several rather warm afternoons. It is interesting, however, that the mild, open winter has been highly favorable for conservation of feed. In the Sandhills the range has been open and favorable most of the time and some ranches have fed very little hay. Not a word of crop complaint is mentioned in this report, and possibly they figure the way we do that there is still ample time for moisture, particularly since winter wheat is still in a dormant stage. The trade, however, has been scared into thinking that we may have crop failures visited upon our land next summer. It is true that so long as temperatures in our Northwest, Canada and Alaska remain so mild, there is not much chance for moisture to develop. However, February is still a winter month, and we believe that it would be a great mistake to become overly apprehensive this early. Nevertheless, future weather developments will bear close watching.

Canadian grain continues to come into this country. Since August 1, 93.9 million bu wheat has been shipped, 23.9 million oats, and 15.7 million barley, or a total of 133 1/2 million bu all grain. Meanwhile, in twenty-eight weeks, our wheat and flour exports have amounted to less than 25 million bu.

Primary receipts were 1,641,000 bu, being larger than last week when they were 1,379,000 bu; a year ago they amounted to only 1,135,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 444,000 bu.

The wheat market was mostly firm. Trade was not particularly active,normal milling transactions are restricted, and no particular volume is looked for until after next month when the new flour subsidy is announced. Apparently wheat receipts coming into terminals from the country are taken direct by industries, so there is no pressure, but on the other hand, likewise, no important removal of hedges. The firmness we believe is largely due to short covering, prompted by dry weather psychology. This may wear off in a few days, and then, of course, there is always the chance that a change in conditions may occur before it is too late. Deferred months were the weakest, and at the last changes from the previous session were not very significant. Trade in rye was mixed.

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CHICAGO 4, Ill.

January 24, 1944.

The question of food subsidies will shortly come to the foreground again, and according to Washington gossip, the Farm Bloc is still opposed to their enactment. Of course, the same arguments are used: namely, that we must combat inflation, and that it is necessary to hold food prices down, but the fact of the matter is that there are any number of sound economists who do not really believe that in actual practice that it will work out that way. Dr. W. I. Myers, head of the Agricultural Economics Department at Cornell University since 1938, calls attention to the fact that "the demand for subsidies was an admission that any ceiling price impeded production of this or that commodity, and had not protected the consumer nor eliminated inequities as it was assumed they would." In a treatise with Professor Pearson, this expert, who for five years was with FCA to reorganize the scattered Federal Agricultural Credit Agencies, stated that "food subsidies do not syphon off excess consumer income; they do not eliminate the so-called inflationary gap; they do not decrease the government debt; they do not eliminate inequities; and they do not prevent inflation. Subisides are just as attractive and just as elusive as the pot of gold at the end of the rainbow." Since the granting of subsidies would continue to dissipate our wheat supplies at a time when crop prospects for next year are still in the balance, and since many people are thoroughly convinced that it is dangerous to wastefully use up our food supplies by making wheat so attractive at prices possibly 50¢ under the market value, we quote another paragraph from this article, being fearful ourselves that once subsidies are started, it will be difficult to keep them under control. The quotation reads, "There is another excellent illustration of the cumulative inequities and the necessity for more subsidies once the first step is taken. The government subsidized hog production with high price for pork and low prices for corn. To correct one of the errors, milk production was subsidized with cheap wheat and later with direct dollar payments. If continued, it will be necessary to subsidize the civilian consumers of wheat and corn to protect them against the subsidized cow which was subsidized to protect it against the subsidized hog. When the nation starts to use subsidies, inequities follow and there is no end except more and more subsidies to correct the mounting inequities."

When traders came to their offices some had already heard over the radio that a break in the weather was likely. There had not been much moisture over the weekend in any section of the belt, but indications were that the Southwest might be visited with rain or snow. The local weather bureau here was of the opinion that the same was also true for the Central States. The barometer in the West is low and still falling. Temperatures in the Northwest are also dropping. Therefore, we may have a change in the drought conditions, which, of course, would be very welcome after a long period of moisture deficiency, particularly in this part of the country. Prices were somewhat lower at the start. However, there was never very much pressure, owing to the fact that bearish sentiment may not develop so long as the CCC continues to draw upon accumulated stocks of wheat for feeding purposes. Since July 1st to the middle of January, there was 217 million bu of wheat sold. During the same period about 65 million bu came in from Canada; in addition to this, the CCC purchased about 64 million bu of domestic wheat. On January 15th they still owned approximately 90 million bu, according to their statement. Crop experts are discounting the effect of the dry spell in the mid-west, and while admitting that subnormal precipitation has been experienced over wide areas of the corn belt, nevertheless drought has not been so much of an influence as if it had occurred at any other time of the year. Wheat loans through January 15th had amounted to 129 million bu, but redemptions of 30 3/4 million bu means there is less than 100 million bu left impounded.

The wheat visible decreased 2 3/4 million bu to 109 1/2 million bu. This compares with 191 1/2 million bu last year. Chicago stocks are 5 1/2 million bu domestic, and 2,875,000 bu bonded. Rye stocks hardly vary.

Last prices for wheat were unchanged to 1/4¢ per bu lower. There were good recoveries from the low point, despite the fact that one or two spots in Iowa have reported the start of rain, and it looks as though we may have a more optimistic picture to report during the next few days.

Other cereals were mainly influenced by action of wheat, but trade on the whole was comparatively light.

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CHICAGO, 4,Ill January 25, 1944

Most people are conscious of the fact that during wartime many emergency measures are necessary, such as price controls, rationing, etc., but as Broomhall points out, the people of our country also realize that we owe our greatness to individual enterprise, and, therefore, we are relying on the same enterprise to carry us through the difficult years which lie ahead. A country with the highest standard of living in the world will not lightly set aside the system which has produced that standard. There is considerable talk of a global CCC when the war is over. Whether or not anything of that kind will be attempted is difficult to say, but we think that business and commerce will try to throw off the yoke imposed by wartime restrictions once hostilities have ended. The Agricultural Adjustment Act will probably continue, but there are certainly many features of that act which have necessarily interfered with the open market, and as such have been detrimental to the country as a whole.

In our letters we have commented on several occasions that many of the things sponsored apparently were not working out in practice the way they were intended. For example, subsidies are being invoked to prevent inflation, but actually they are very inflationary since they increase the purchasing power of consumers, which is anti-social even in time of war. Food subsidies, therefore, are not a war measure as some contend; they are just as much a political measure now as they were in the early thirties. We admit that soil conservation payments, crop insurance, and acreage control were probably defensible means of helping the farmer when his income was at a minimum, but the bounties which are continuously paid out even at a time when prices have advanced so materially have never been stopped, and there seems to be no particular reason why they are continued, particularly if the government feels that agricultural prices are high enough.

The most doubtful feature is probably the loan program, which was originally intended to prevent panic prices from ruling on the farms. By giving the producer a chance to carry his crop beyond the first hedging period, he could often obtain a better price, and, consequently would not have to sacrifice his crop when he needed money at the start of the season. However, the loan program was never intended to be a non-recourse loan, nor was it the original intent to artificially raise prices season after season by continually advancing the loan rate, and this is another item which does not have the approval of orthodox economists. The war probably prevented some very disastrous secondary consequences, which otherwise might have occurred, but it is quite obvious that wheat or any other grain which comes into government ownership through the loan could easily occasion very disturbing influences upon any market. We have avoided all this since the accumulations which fell into the hands of the CCC were used for feeding purposes, but even now it is a question whether they are being used as judiciously as if supply and demand were at work. In other words, making wheat available at a price 50 to 60¢ below its market value has dissipated grain far beyond its normal trend. There is no strenuous attempt to halt this procedure even though dozens of economists within the Agricultural Department itself undoubtedly foresee the possibility of a bread shortage within another year if this program is kept alive. Trade interests, including millers, have repeatedly cautioned the various agencies at Washington that our carryover supply next July will be cut in half from the stock which was on hand a year ago. The quantities that are being ground for the armed forces and for Lend-Lease will be much larger; therefore, it is imperative that the whole subject be reviewed immediately and proper steps taken to protect our domestic food situation.

Primary receipts were quite large at 1,884,000 bu, but still there was no pressure of consequence, and mills apparently are grinding to capacity. A week ago primaries were 1,810,000 bu versus 1,483,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 109,000 bu.

Markets were very firm. The Argentine government reduced the wheat estimate of the 1944 crop to 260 million bu or a cut of 30 million bu from the former estimate. This makes it hardly larger than a good average crop. At the last prices were 5/8 to 7/8¢ per bu higher. The firmness may have been due to disappointing moisture, which while covering a wide area, was not heavy anywhere.

Rye was very strong, and other grains were firm.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Illinois, January 26, 1944

While it is entirely correct to think that the foods moving out of this country under Lend-Lease are playing a vital part in the allied war effort, it is still a fact that the quantities shipped have been relatively small in relation to total domestic supplies. Because of rationing we generally think of meat first, but still from January 1st to December 1, 1943 only about 1 pound of every 100 pounds of the nation's supply of beef and veal went to the other United Nations, which amounted to 3/10ths of an ounce per week for every civilian in this country. At the same time under reverse Lend-Lease, Australia and New Zealand have furnished our forces in that area with almost as much beef and veal as we had shipped under Lend-Lease to all countries from the United States. Furthermore, Australia and New Zealand are supplying without cost to us almost all the food for our armed forces stationed in that part of the world.

Coming now to wheat and wheat products, the shipments in eleven months of last year amounted to 1% in relation to our supplies. We presume that when the government makes these calculations they take the crop and carryover, but whether any allowances are made for seed and feed wheat we do not know, but still at the outside it would mean that about 14 million bu wheat was delivered to the United Nations under our Lend-Lease program. There is, of course, a much greater relative need for men in service than for those at home, and the statistics generally show that about three times as much per man is needed when sent to our boys overseas, probably taking into account some food which never reaches its destination, also greater wastage, and lastly is the fact that men in service eat a good deal more than they did in peacetime occupations.

It is, therefore, reasonable to suppose that during the coming six months the grinding of wheat into flour will be enormous, but yet we have figures on domestic supplies which lead us to believe that the carryover reserve of wheat next July will be about 300 million bu, or in line with the government estimate. Interior mill and elevator stocks were given late yesterday as amounting to 146 million bu. These stocks together with those on farms and in the commercial visible total 660 million bu against 970 million in the same positions last year. In 1943, our total stocks in January were 1,162 million bu, and inasmuch as the carryover at the end of the crop season was 618 million bu, we make the deduction that 444 million bu was consumed during the last six months. The previous year we consumed 369 million bu. We do not have all the facts and figures, but assuming that the merchant mills and the steel bins are carrying about as much wheat as last year, we would now have a grand total of 848 million bu. Consequently, we conclude that we could consume 548 million bu during the next six months, or 104 million bu more than we did last year; and still have a reserve supply of 300 million bu on July 1st.

Primary receipts were 1,251,000 bu compared with 1,430,000 bu last week, and 1,103,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 229,000 bu.

Before our market opened this morning, it was known that Argentina had severed relations with the Axis. This might mean larger shipments of grain to this country, but it had no market effect; neither did the early reports of rain have much influence. Moisture was somewhat unexpected, but there are reports from Nebraska that sections which needed it the most had received relief; also, the Union Pacific reports from various parts of Kansas were quite optimistic in reporting the rainfall. Late reports from Hastings, Nebraska and Garden City, Kansas claimed it was still raining, and this is bound to be very beneficial for crops.

For a time short covering in rye on an extensive scale influenced transactions in all pits. There is 45 1/2 million bu open interest in rye, and apparently longs have not yet lost confidence. In addition to several concentrated lines, there must be hundreds of small commitments throughout the country, and some day when least expected these may be liquidated unless there is some improvement in the actual demand. Wheat prices, after reaching new high ground on the present turn, reacted and at the last values were 1/2 to 1¢ per bu lower.

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CHICAGO 4,Ill. January 27, 1944.

The most important grain news overnight was the weather, and the dry spell had been so widely advertised that it has undoubtedly given rise to the thought that following several years of bountiful crops, we might, according to the law of averages, raise a crop next summer which would be under average. There was, of course considerable apprehension expressed by many conservative people in the trade, owing to the fact that we had an extremely dry period during the fall months, causing moisture deficiency, which would naturally have become worrisome, although we feel that the recent rains and snows have done much to overcome the pessimism. We heard today from Amarillo, Texas, that the weather was warming up, the snow was beginning to melt, and a good many people contacted said that the wheat was greening up nicely in all localities. Even that grain which had been planted in dust last fall was now showing up green. Roads were impassible on account of the thaw, and this made it difficult to move grain until roads improved, but on the whole farmers were willing to sell with prices so near the ceiling level. Reports kept streaming in over our wire system during most of the session mentioning beneficial weather. Norton, Kansas, for instance, had 1.68 inches of rain, and while this was somewhat heavier than other spots, we find that the precipitation was quite general, and in many parts of western Kansas, it averaged from 1/2 to 1 1/2 inches, and there seems to be a chance that this situation will continue for the next twenty-four hours; but on the whole prospects must be decidedly better.

When our market opened values declined further, but there was no important pressure, and there are any number of cross-currents, which have to be considered, as we are experiencing an unusual demand, not only for wheat feeding and grain needed for alcohol manufacture, but Lend-Lease and Army requirements are keeping many mills running nearly to maximum capacity, and the present rate of grinding is in prospect for almost an indefinite period. There seems to be very little hedging, and with the flour subsidy increased for February, some of the grain now being purchased in the Northwest is being carried without protection, so that our market has not been called upon to absorb selling pressure.

The situation surrounding the rye market is about the same as ever. Large quantities of cash rye appear to be carried by industries, but we do not see any attempt to reduce these supplies through consumptive channels, and while the open interest still remains over 45 million bu, we doubt whether even a part of the holdings have been hedged in the futures market. Should this line be largely speculative, one would have to assume that the long position in rye amounts to nearly 55 million bu, and, therefore, constitutes an extremely big open interest in comparison with the crop of only 30 million bu raised last summer.

Primary receipts were fairly good at 1,396,600 bu, which was practically similar to that of last week and compared with 1,404,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 361,000 bu.

The market gave an ex cellent account of itself considering the moisture, and this clearly indicates that many people are thinking along other lines. They admit that the crop prospects have greatly improved since the additional moisture fell, but on the other hand if next year we consume 500 million bu additional wheat for feeding and for alcohol manufacture, or as much as is needed currently for normal grinding operations, it is quite obvious that we shall have to import more heavily from Canada to avoid a catastrophe. Of course, there may be a change in the situation as our animal population is reduced, but this takes some time, and the packers are working practically to capacity. The corn-hog ratio at Chicago was unchanged from the previous week, when it stood at 11.4; a year ago it was 15.3. At the last prices were 1/8 to 3/8¢ a bu higher, as compared with yesterday.

Rye was strong, and there may have been further short covering, but best prices of the day were not maintained. There appeared also to be a little better demand for oats, and purchases, while light, were a sustaining influence.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. January 28, 1944.

In an ordinary year, we consume domestically 675 to 700 million bu wheat, and the distribution is about as follows: 500 million bu is ground for human usage, 85 million bu is required for seed, and normally 100 million bu is fed to livestock. Thus a disappearance of 685 million bu is about what the statisticians use in their calculations. At the present time we are finding that an additional 500 million bu is needed for animal feeding, and for the manufacture of alcohol, so that even with small exports our consumption is enormous. It is true that wheat imports from Canada have helped but not sufficiently, as our next carryover reserve will be down to 300 million bu, and we may desire to pursue the program for another twelve months, starting next July. In other words, if we raise a combined winter and spring wheat crop of 800 million bu, and carry over 300 million bu, even imports from Canada of, say, 100 million bu, we would just about see us through without allowing anything for our reserve supply or for export. It is quite obvious that a country with slightly in excess of 130 million people cannot continue along a road that would lead to disaster. The reported purchase of molasses to divert 45 million bu wheat from the alcohol program is certainly a step in the right direction, but should be carried further, so that molasses could be used even for feeding purposes, thereby releasing greater quantities of wheat. As one of our friends in the Northwest points out, it is far better to divert shipping facilities now for the relatively short haul from Cuba to the United States than to be forced to import feed grains from the Argentine next summer. Lastly, it is fair to point out that by dissipating our supplies, we are not taking into consideration the heavy demands which may be made upon us after the war is over. There are a score of articles that could be used for the manufacture of alcohol, and we have satisfied ourselves that a country like Germany, which prior to the Polish invasion raised an average wheat crop of about 200 million bu, and possibly 300 million bu rye, had to think of its much needed alcohol in terms other than grain. Even taking into account now the areas dominated by the present Reich, which may have a wheat production ranging anywhere from 700 million to a billion bushels wheat and possibly two-thirds as much rye, they could not afford to waste grain, and apparently have solved their problem in some other manner. Possibly potatoes are figuring in these calculations for greater Germany is now producing over 700 million bu a year, which is not far from twice the American commercial potato crop, and we feel that every effort should be strained to conserve wheat, which is the staff of life. It was formerly considered a sacrilege to use 14 and 15% protein wheat, testing as high as 62 lbs to the bu for animal feed. There should be immediate consideration given to this situation, for in many years we do not raise high protein crops. Possibly we have become spoiled because for four or five successive years our wheat contained a higher gluten percentage, but this may not always be the case, and even the 1944 crop is not assured simply because one good rain has afforded some relief from the long period of drought.

Primary receipts were 1,387,000 bu compared with 1,641,000 bu last week, and 1,116,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 558,000 bu. When the visible supply is posted on Monday it will compare with a decrease of 2,881,000 bu in 1943.

Our market was quite firm right from the start, and there is no pressure from the country; in fact, the car shortage has been a deterrent to those who were willing to sell their grain at present levels. Last prices were 1/4 to 1/2¢ per bu higher.

Rye was quite strong at times. There were all kinds of reports such as resumption of usage in alcohol distillation, also forced mixtures for feeding, but we are unable to confirm any of this information. Meanwhile the commercial demand is completely indifferent.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Jan. 31, 1944.

Parity prices for agricultural commodities are generally published toward the end of each month, and we do not yet have the figures for January, but they will probably be made available at any time now. The history since the inception of this formula has been steady to advancing prices each month with very few exceptions. Thus, the farmer has been benefited and his purchasing power has been restored in comparison with the base period. On the other hand, we have not maintained the purchasing power for the public at large, with respect to food, particularly taking into account the "white-collared" man. For example, a dollar, which at the beginning of the war was worth 100¢ in terms of food, had declined in 1940 to 97¢; in 1941 to 86¢; in 1942 to 75¢; and by August 1943 was worth only 68¢. It is probably lower now, and may continue to decline so long as the parity index keeps advancing and the government loans are based on those figures.

We read in the Congressional Record last week the remarks of Senator Vandenberg, on page 711, concerning the petitions bearing 250,000 signatures in favor of consumer subsidies. What these people were trying to say was undoubtedly that we had passed the stage of inflation fears and were actually in a period of rising prices, where even a few rollbacks/subsidies were hardly sufficient to maintain a parity to them in the purchasing power of the dollar where food was needed. A thrifty person who had retired in 1939 with $100,000, or who had invested this sum in government bonds would have found that by 1942 he would have needed $134,000 to maintain that same purchasing parity, or by 1943 he would have had to have $148,000 to give him the same purchasing power of his dollar in terms of food. It is quite obvious that subsidies, which may reduce butter a few cents per pound or lower meat costs to the consumer here or there are but trifling in comparison with higher parity prices each month. which are largely responsible for pushing living costs into the strata of inflation.

There was some moisture in the Central States, but very little attention was paid to the improved weather. Most traders feel that there may be an improvement in the flour demand after tomorrow when the new flour subsidy becomes effective, and meanwhile the movement of wheat from the country is light, mainly due to the car shortage.

An official report listed the government-owned wheat in transit and in steel and wooden bins at 50,900,000 bu, as of January 1st, compared with 45 million bu for the same period in 1943. Total stocks in all positions (exclusive of merchant mill stocks) is 712 million bu vs. 1,019 million bu last year. A year ago in the six-month period from January to June feed wheat sales by the government were slightly in excess of 200 million bu compared with 389 million bu for the entire year. There is a possibility that feed wheat sales may decline rather than increase, partly due to a larger mill grind, and it might even be possible that our disappearance of wheat would not be any larger in the next six-month period than it was a year ago, Our present wheat stocks, which are 300 million bu less than last year, would then indicate a carryover of 300 million bu smaller than our reserve stock of 618 million bu, which we carried into the present crop last July. At this point we want to correct a statement published in a previous letter to the effect that we could feed 100 million bu more than last year and still have a reserve stock of 300 million bu, as was forecast by the government. We came to this conclusion by erroneously compiling figures in various positions, but as just stated there is no particular reason to feel that our disappearance for the remainder of the year will be much larger than the season earlier.

Primary wheat receipts of 2 1/2 million bu were about in line with last week, and somewhat larger than last year. The visible showed a decrease of 1,418,000 bu. The latest information on loans, shows 129 million bu impounded with 35 3/4 million bu redeemed, so that the net quantity frozen is less than 94 million bu compared with 402 million last year, and at that time redemptions were next to nothing.

Wheat prices were rather firm, but with May wheat so close to the ceiling, hedging transactions are on a much smaller scale than normally. The May wheat open interest is less than 15 million bu, and wheat trade on Saturday was slightly under 2 million bu. Final prices were little changed. Rye was quite strong again. This is about the only cereal without a ceiling; therefore, trade is less restricted. Some of the recent bullishness was inspired by talk that the government might insist that this grain should be used in the manufacture of industrial alcohol.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill.

Feb. 1, 1944.

The four important exporting countries, consisting of the United States, Canada, Argentina, and Australia, raised wheat crops totaling about 1,500 million bu. This is considerably smaller than yields a year earlier, a nd is even less than was raised in 1941. It would still be ample, if we could figure on just normal consumption or even moderate exports, but the trouble is that there is extra domestic usage in practically all of these nations, principally in our own country, but in the aggregate the disappearance is about 584 million bu more than would normally be expected. Apart from the use of wheat as a grain feed, the United States is grinding anywhere from 100 to 150 million bu for industrial alcohol, while Argentina has set aside 75 million bu to be burned for industrial fuel. Canada has also fed extra quantities, and even Australia is using an extra 8 to 10 million bu, all of which is perfectly proper when there are big surpluses, but we feel that entirely too little thought is being directed to the postwar period when the demands will assume tremendous proportions. The governments of these various countries, influenced by the large stocks and the lack of wartime demand from Europe, probably became overly careless in their calculations, and even went so far as to order growers to reduce their wheat sowings.

There will be some change in this policy for the 1944 harvest, especially in this country, but even here we cannot be too sanguine at this time, owing to the fact that the winter wheat crop started with a very low condition, and the abandonment may be quite heavy, although it is still too early to come to any definite determination. We are very disappointed that there is no curtailment in the sales of domestic feed wheat, and although the CCC is satisfied that stocks are sufficient for the time being, we are bound to cut our carryover in half from the reserve stock which we had last July, and we may end the season with not much more wheat than was carried from one crop to another in peacetime. This in our judgment would, indeed, be a dangerous policy to pursue. Next year's crops still hang in the balance, and while it is altogether possible that we may raise a combined spring and winter wheat crop of 800 million bu, this would be insufficient to carry on a program whereby we would consume an additional 500 million bu at home. It is even questionable whether we could import enough grain from other countries to make up the deficits. During the past week the CCC purchased 6 1/2 million bu of wheat in various markets of this country, and since July 1st they have bought more than 70 million bu. This has all had the tendency of driving prices toward the ceiling level, even though an equal amount was purchased from Canada. We find that there has been about 71 million bu worked to this country, indicating that the total purchases of this one government agency amounted to about 141 million bu. Furthermore, the defaults under the loan program are apt to be quite small. Thus in the year ahead, the CCC may have to go into the open market on a much broader scale if it wants to acquire grain. It is our opinion that from the viewpoint of trying to prevent inflation, or even from preventing a disaster, this is probably the most dangerous and serious proposition which has ever threatened our domestic bread situation.

Primary receipts were 1,885,000 bu, practically the same as last week, and compare with 1,621,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 65,000 bu.

There was some disappointment that markets did not respond more to an increased flour demand which was made possible under the February subsidy, and as a result a few liquidating orders came into the pit. The volume, however, was small; the whole open interest in May wheat is only about 14 1/2 million bu, or perhaps the amount needed for ten days' flour grindings for the whole country. Apparently not many hedges were placed here under the artificial conditions which have existed, and as a result the removal is also unimportant. The parity price for wheat was unchanged from last month, but $1.49 represents a 23¢ advance in the past two years. This policy, together with the feeding program, was largely responsible for the gradual advance in the market; both were government sponsored, and have created an inflationary condition, which the OPA is fighting, and is trying to control through ceilings, rollbacks, and subsidies. The two forces are working against each other, and we believe some referee should step in to try to compose differences.

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CHICAGO 4, Ill. February 2, 1944.

The Bureau of Agricultural Economics does a perfectly amazing job, not only in the field of statistics, but also, in collecting data and information, and we sometimes wonder whether the public at large makes as much use of their findings as they might. We doubt whether even many of the officials at Washington in other departments are entirely familiar with the agricultural conditions which are so ably covered by B. A. E. We come to this conclusion because we strive to obtain practically all the published reports, speeches, and radio addresses which are printed on the grain situation. It surprises us greatly that there has been no comment on the "Wheatless Wednesdays" of the previous war and the other shortages in bread which developed, and which are now threatening us again unless we cut down on our feeding program. The Canadian Department of Trade and Commerce doubtless read our Bureau's comments, and calls attention to the various restrictions in the use of wheat products back in the dark days of 1917-18. They point out that wheat then was more precious than Kimberley diamonds, for in the early part of 1918, we were asked to adopt two "wheatless" days per week, and at least one "wheatless" meal per day. By February 18th, the situation had become really serious, and regulations in the United States forbade the sale of wheat flour to individual consumers without an equal amount of substitutes, such as corn meal, corn grits, oat meal, and rye. A month later, the United States Food Administrator found it necessary to request that no wheat or wheat products be served in any first-class hotel or restaurant until after harvest. The records show that in the crop-year 1917-18 less wheat was used for civilian and military purposes than we shall probably feed to livestock and poultry in the crop-year 1943-44.

Simply because we had large surpluses built up and because there were three or four years when crops were bountiful was no sign that the weather would always be propitious and bring us big yields. Nor is it safe at the present time to throw ourselves in the position of having to import from Canada or other exporting nations, if at a later date we find that our breadstocks have reached a dangerous limit. Naturally, with a crop and carryover of 1,454 million bu, we are safe for the remainder of this crop-year, but does it not behoove conservative administrators to look further ahead? Even during one of the most severe winter droughts there was apparently no attempt to lessen the sale of feed wheat, and the only relief which was obtained came from larger imports from Canada, which after all is a slow process when each freight car can carry only 1,500 to 2,000 bu.

There was a little moisture in parts of Texas and further relief is expected in Missouri and Kansas. The weekly weather and crop report claims that the northwestern portion of the winter wheat belt is greatly improved. Wheat is still dormant in much of this area, and there will be no immediate response to the favorable precipitation, but with the satisfactory soil absorption, it is bound to be helpful in the long run.

Primary receipts of wheat were 1 1/2 million bu, which were slightly larger than last week, and compare with only a little more than 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 351,000 bu.

There was very little feature to the market, and we are afraid that the volume of business will not be far different from yesterday when only 2 1/2 million bu of wheat were traded in the whole pit, which is normally the volume which one commission house would engage in during ordinary times. The big feature here is that many concerns throughout the country are carrying their grain unprotected. There is apparently a pretty fair milling demand, but futures are quite indifferent, and for the time being fluctuate more or less according to local transactions which are taking place. In sympathy with the lower rye market wheat finally had a decline of 3/4¢ per bu.

Rye was reasonably weak, but there are speculators in various parts of the country who feel that we shall some day find a demand for our cash holdings when the war is over, and when countries like Russia, Poland, or Germany will purchase, despite much freer offerings in the Argentine. Others have in mind that the government may compel distillers to use this grain if wheat supplies become scarce. There is still about 9 1/2 million bu of domestic rye in Chicago, and nearly 3 1/2 million bu bonded rye here.

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CHICAGO 4,Ill. Feb. 3, 1944.

In thirty weeks of the crop season, we have exported 26 1/2 million bu wheat and flour from this country, and because of the fact that supplies are cheaper in Canada and in the Argentine, it looks very much as though shipments from here during the remainder of the season would continue on a comparatively small scale, so that for the entire year it is doubtful whether we shall clear over 50 million bu. Under these circumstances, the big alcohol program could easily be carried on, but the thing that continues to dissipate our stock is the unusually heavy quantities which are going into feeding channels, and which in our opinion will have to be stopped within the next six or eight months, regardless of how good our intentions may be with respect to having a large animal population. If the program were terminated before that time, it would certainly safeguard our own bread stocks, and we feel that in our own best interests, the sooner we come to a decision, the better for all concerned.

There are great efforts being made to divert some of the wheat demand to rye in the manufacture of industrial alcohol, and we understand that those who are long are aggressive in trying to accomplish this. The simple facts are that rye is not as good, and in order to carry on the war effort most effectively, there is no proper reason why rye should be used when wheat is already fulfilling such a useful purpose, and when it might handicap the distillers if they had to change their plants to accommodate a grain which has thus far proven less desirable. We have been in touch with a number of people who are very familiar with the situation, and we are told that because of the comparative cheapness of rye, it looked more attractive, but the quality of the rye is such that it does not contain sufficient starch, and after all, there could only be 20 to 30 million bu rye used at the outside figure, and much might be lost going through the mill and mashing operations. After the extraction there is a 40% recovery of grits compared with 60% in wheat, and this is sufficient to offset the price differential immediately. It is undoubtedly the reason why the distillers on their own initiative have stayed away from rye and still prefer wheat, or even milo maize. It is also believed that it would be extremely difficult to handle and would result in a very poor yield.

In view of these facts, and because the manufacture of spirits, including rye whiskey will not be permitted by the government, we feel that feeding alone will not reduce stocks sufficiently, and unless the next crop turns out badly, the present price appears high. There is a very large open interest, and, of course, to the casual observer rye looks cheap in comparison with wheat, but nothing in life is particularly attractive unless it has a utility and can be used. There is, of course, the possibility that if wheat feeding continues on such a vast scale that ceiling prices are reached, rye may have to be used regardless of its merit; but there seems to be some difference of opinion even on this issue, and today there was early liquidation in the pit, with supporting orders not quite so prominent until wheat prices firmed.

Since August 1st, Canada has shipped nearly 140 million bu wheat, oats, and barley to the United States. Some small quantities may be reshipped to Europe, but the bulk will remain here for feeding, and this has been a tremendous help to Canada in cutting down the reserves which were built up in the years of peak production.

Primary receipts amounted to 1,403,000 bu compared with 1,396,000 bu last week, and 1,157,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 507,000 bu.

The trade in the wheat pit remains dull and uninteresting. Unfortunately ceiling prices and other artificial measures have reduced commercial transactions. Even many of the flour mills are using the futures market to a very limited extent, and are simply trading in cash grain. This means greater risks, and also compels contraction of business. Chances are that more wheat would be moving from the country if empty cars were available --at least, we have been so informed. Final prices, while firm, showed small net changes.

Rye recovered from early weakness, but the cash demand is still lacking.

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CHICAGO 4,Ill. Feb. 4, 1944.

We are very much indebted to one of our good milling friends for bringing to our attention a booklet entitled, "Food in War and Peace," written by Mr. Karl B. Mickey, from which we are quoting in part in this letter. He calls attention to the fact that the majority of Americans have accepted an abundant food supplyas many have accepted their liberty: namely, as a congenital right. However, in the course of all human history there has been a struggle against hunger. In the 2300 years prior to the year 1800, hunger was to the average man a daily companion, when the man on the land was barely able to produce enough food to support himself and his family. History records twenty-two famines in the 13th century, and even as late as 1921, Russia was frequently visited by famine. As late as 1840, an English writer stated that one-third of the population in the United Kingdom subsisted almost entirely upon potatoes; another third, in addition to potatoes, lived on inferior wheaten bread, with one or two meals of fat pork; while only the remaing third was about to procure an ample daily supply of meat, poultry, etc. Bread has always played an important part in world's history, and there is a definite reason why it has always been referred to as "The Staff of Life." The prayer which Christ taught his disciples contains the phrase, "Give us this day our daily bread." We have been very fortunate in this country the past few years to have raised extremely large crops of wheat on rather restricted acreages. However, as Mr. Mickey points out, "the causes of famine are twofold: one natural and the other artificial, - the former having to do with the extremes of weather, including drought, excessive rainfall, plant disease, and insect pests. The latter or man-made causes, have usually arisen from unwise regulatory and confiscatory policies of government authority and war --particularly war."

In our great anxiety to support an extremely large animal population, we have dissipated a tremendous amount of our wheat surplus, including the higher protein varieties. No one can as yet predict the outcome of the 1944 crop. We have had many instances where, due to adverse weather conditions, large acreages have been productive of very small yields. The drought condition, which existed in the fall and through a large portion of this winter, has at the moment been greatly relieved. The Nebraska weekly report, in its release of February 1st, states that the long fall and winter drought is broken by precipitation which ranges from nearly an inch in the southwestern portions to over 2 inches in the central and western portions. Most of the reports indicate a substantial benefit, from the precipitation, to winter wheat, but opinions vary somewhat. The Kansas Weekly Weather and Crop report states that general rains and snows which fell over that State during the past week greatly improved prospects, especially in the western part of the State, and that wheat seeded in dry soil in western Kansas continues to germinate, with some showing above the ground. Furthermore, wheat is greening up generally over the State, but at the moment fields are too wet for any work. With the lack of subsoil moisture, it will necessitate the frequent renewal of topsoil moisture during the growing season, and until a more definite estimate can be made of the possible size of the crop, we cannot too strongly urge those responsible for the feeding program the necessity of conserving our human food resources.

Primary receipts totaled 1,800,000 bu compared with 1,387,000 bu last week, and 1,339,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a decrease of 652,000 bu, which would indicate a somewhat smaller decrease in the visible on Monday than a year ago, when it amounted to 4,113,000 bu.

There is not a great deal of interest expressed in wheat at the moment, although scattered selling orders were in evidence during the session. According to several advices, some mills seem to have pretty well sold their production for the thirty-day period. Not a great deal of milling demand is displayed in the wheat pit. The difficulty in getting cars seems to prevent larger shipments from the country. At the last wheat wheat was 3/8¢ per bu lower for the active trading months, but down only 1/8¢ for the May.

Rye was again subjected to some pressure. At the moment there seems to be a lack of buying orders from outside sources, and there is no pick-up in the commercial demand.

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CHICAGO 4, Ill. Feb. 7, 1944.

During the last war, the demand for all grains was enormous, and with France invaded and her farms devastated, we were furnishing tremendous supplies to all our allies. It was fortunate that a bumper wheat crop was harvested here in 1915-- our first billion-bushel yield-- but there were two failure crops of 634 million bu in 1916 on a fairly large harvested area, and in 1917 when we raised only 620 million bu, also with plantings quite large, all of which shows that it is not possible to always count on the future. It is certainly dangerous to dissipate supplies in wartime, as we are doing now through the enormous feeding program. We believe it was about 1917 when Mr. Hoover, then Food Administrator, cabled to Washington that unless larger amounts of grain could be arranged for, it was doubtful whether the allies could hold out. In 1918, when prices were very high additional acreage was stimulated, and we raised over 900 million bu wheat, with crops that large, or larger, for the two following years; everything was needed and still very small quantities were fed to livestock. Of course, other exporting nations, such as Canada, Argentina, and Australia, had not become such big producers as was lately the case, but in any event one way or another, there are always big outlets during hospilities, and regardless of how big the surpluses are, it is unsafe to take chances, and thus let our reserve stocks diminish to a dangerous level.

This also has to do with the post-war era, before agriculture has had a chance to fully recover in the various European countries. We are fully mindful of the fact that great changes are taking place. The Russians are already counting their gains through repossession of territory which had previously been held by Germany - some 400,000 square kilometers have been re-taken. These liberated regions produced sizeable quantities of coal annually; also, the Germans while they were in possession of these vast tracts were able to use temporarily some of the best timberlands, and the most important metal producing areas of the Soviet Union. Last, but of equal importance, evidently 70% of the winter wheat areas was in this section of the country, and probably 50% of the corn, and 40% of the buckwheat were raised there. Russia has not been slow to take advantage of her accomplishments and normal life is being restored to those districts. Nearly a thousand tractor repair shops have been set up so that agriculture could recuperate its losses more quickly. In a period of two and one-half months 1 3/4 million cows were sent into this liberated section, together with half a million chickens, and over 96,000 tons of seed, some of which came from the United States. Consequently, the future demands on part of Russia may not be so great, but nobody can be sure. In any case the needs of war-torn Europe will assume tremendous proportions. The way it appears to us, our wheat supplies at the end of the crop year may be reduced to almost normal, while the outlook for next year's crop is hardly average, and in order to get even good results, we shall have to depend on Nature's being provident and providing more than average rains during spring and summer months.

Primary receipts were 2,832,000 bu compared with 2,423,000 bu last week, and 2,337,000 bu last year. When the visible supply of wheat was posted, it showed a decrease of 1 1/2 million bu versus more than 4 million bu last year. Total stocks of 106 1/2 million bu are 77 3/4 million bu smaller than a year ago. Chicago wheat stocks amounted to 5 1/2 million bu, and in addition to this, there is 2 1/2 million bu of bonded wheat here. Chicago also has 9 1/2 million bu of regular rye stocks, and 3,337,000 bu of bonded rye.

Wheat prices were never very strong, and even with a rather sharp rally in rye, there were fair offerings in the pit, although no particular pressure from hedgers. Generally speaking cash offerings are still light, and may remain so until there is relief from the car shortage situation. We still find that there is a great deal of unhedged wheat in the country, and should we ever have a break of 4 or 5¢ per bu it might create a nervous tension, particularly on part of those who generally protect themselves through futures trading. Last wheat prices were 1/8 to 3/8¢ per bu lower.

Oats and barley showed fractional losses. It remains to be seen whether the Price Administrator will ask for a downward revision on maximum price levels in order that they will more truely reflect parity

There were reports current that some rye had been sold out of Chicago, but we did not hear the price at which the sale had been made. If it represented a full carrying-charge discount under May, it would be vastly different than if a better price had been obtained.

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CHICAGO 4, Ill. Feb. 8, 1944.

Ordinarily at this time of year Southern Hemisphere shipments of wheat have about reached their peak. We do not hear of much business passing from Australia, although some improvement in recent weeks has taken place, with larger shipments to India. Censorship, however, is still strict. Clearances from Argentina are not much larger than they were during the fall months. The Commodity Credit Corporation bought about 2 1/4 million bu Argentine wheat last October for feed purposes, and paid 71 1/2¢ a bu. Undoubtedly larger quantities would be purchased, particularly with better diplomatic relations between our government and theirs, except that it is so difficult to get freigh There was also some barley bought there at 52¢ FOB Argentine ports, and these prices are all very much cheaper than for Canadian grains. The Canadian Wheat Board is charging us $1.46 for wheat at Canadian lak ports. This is equivalent to about $1.32 3/4 a bu in our currency, and is about 20¢ per bu more than Canada is getting for wheat sold to Europe, at least on British sales. Even our purchases in Canada involve quite a transportation problem, and some of our Senators are objecting to sending empty freight cars to Canada when farmers in this country are unable to get their supplies to market. According to figures released late yesterday, we purchased 4 1/2 million bu Canadian wheat during the past ten days, and during the same period also acquired 400,000 bu domestic wheat in various markets. Since last July purchases have amounted to 146 million bu; of this amount 75 1/2 million bu was Canadian wheat, and the balance American.

It demonstrates conclusively what an enormous feeding program must be taking place, but it is just as apparent that we cannot continue on this scale indefinitely. First of all, there has been only about 129 1/2 million bu wheat impounded under loans from last summer's crops, and already redemptions have amounted to nearly 47 million bu, the net result being that there is only about 82 1/2 million bu still impounded. The chances are that with the very favorable price relationship more wheat will continue to flow into free channels of trade, and as a consequence the defaults at the end of April may be very small. In fact, farmers would be very foolish in not paying up their obligations if they can better their position by cleaning up these loans. Should that occur, the CCC would finally come into possession of very little wheat. The results would be twofold: 1, It would leave the bulk of our reserve stock mostly in the hands of the trade; 2. it would leave the government with very little wheat to use in its feeding program. That would entail larger purchases than ever, both domestically and from exporting countries, if our livestock population has to be fed.

Markets after opening on a firm basis reacted slightly. It is generally admitted that the civilian demand for farm products will continue at a very high level in 1944. At current prices consumers may wish to purchase more of most commodities than will be available. Demand for military, Lend-Lease, as well as for relief and rehabilitation, will at least be as large as in 1943, but yet there seems to be a slight lull in the milling demand and flour business is unusually small. Notwithstanding this fact, mills are unconcerned about the inactivity, and as a general rule are not pushing actively for new business.

Primary receipts of wheat amounted to 2,388,000 bu compared with 1,885,000 bu last week, and 1,645,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 10,000 bu

There was very little news surrounding the wheat market. There was a light snowfall over portions of the northwestern States, and some light rain over central Texas, but elsewhere it was generally clear. Further moisture, although probably light, is possible for the Southwest, but this is having very little influence on the trade. In a rather dull market there were recoveries from an early break; final changes were slight compared with the previous close.

We did not hear any further discussions relating to rye sales from Chicago, and in trying to trace previous business, the only thing of consequence which we could check was that some rye taken in on delivery last December was sold back recently to an elevator concern. From all reports which we receive from distillers, rye does not seem to work as efficiently as is the case with wheat. Furthermore after rye is ground, the grits which are recovered do not have anywhere near the starch content of wheat grits.

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CHICAGO 4, Ill.

February 9, 1944

Food is still uppermost in the minds of many people, but from a nutritional point of view, the civilian diet in 1943 was superior to the pre-war diet in the four years just prior to the outbreak of hostilities. This may be surprising, owing to the fact that many articles have been rationed, and also, because we are furnishing vastly larger quantities for Lend-Lease. In this latter item alone, 1943 witnessed a 57% increase over 1942, and shipments which are now being made comprise 12% of our total production. Likewise, military food purchases in 1943 increased 75% over the previous year, and account for about 13% of our total production. Thus in these two positions we are finding usage for one-quarter of everything that is being produced. Despite all this, the civilian population consumed 5 to 7% more food in 1943 than it did in the pre-war period, 1935-39, and as a matter of fact, only about 2% less than in 1942, when some hoarding was taking place prior to the period of rationing. The Bureau of Agricultural Economics, to which we are indebted for this data, also figures that in 1944 our food production will be somewhat above the record reached in 1943 if yields are normal. This is rather encouraging, since both military and Lend-Lease requirements are also growing, and shipments for European relief are also bound to become a more important factor than in the past.

Before the opening of our market this morning, traders were impressed by a Washington dispatch, claiming that CCC had expanded its wheat buying activities, and was now willing to buy grain from farmers which was locked on the farms but could not be moved because of difficulties in transport tion. The trade is not sure whether the term "locked on farms" has reference to the wheat which is under loan, and on which defaults might occur unless redeemed by April 30th, or whether the term is more general and refers to all wheat which is back in the country, but which cannot come forward due to the car shortage. In any event, there was some short-covering, but there is a further consideration worthy of attention. The grain has to be cleaned, and probably not one in fifty farmers has the facilities for handling it without moving it to a country elevator. Furthermore, the producer has to pay transportation to the steel bins, and in some localities it might be quite an expensive item. Finally, the CCC is not making any allowance for protein premiums, and the result may be that producers will continue to market their wheat through the usual channels of trade under these circumstances. A higher wheat market also had its influence in the rye pit, and there seemed to be some short-covering, despite the fact that the cash demand remains extremely slow.

We have been advised that some more Canadian rye has been purchased for entry into this country when navigation opens, and very likely will be headed for Chicago due to the high price which still prevails. Undoubtedly, the amounts would be larger except for the fact that storage space here is limited. The situation is a very unique one from point of view that the Chicago public elevator space can hardly be rated as being much in excess of 25 million bu, making some allowance for space which is needed for turning or where different grades are involved. There is practically 13 million bu in Chicago, including rye which is in the harbor, and which undoubtedly the owners would like to unload, since the vessels are needed for important war transportation the moment lake navigation opens.

Primary receipts were reasonably good, and amounted to 1,738,000 bu compared with 1,502,000 bu last week and 1,053,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 271,000 bu.

Trade in wheat was again of small proportions, although the uncertainty of government buying caused some short-covering, and May wheat was the strongest, going at one time to 10¢ over Minneapolis May wheat, which represents more than a full shipping difference. Final values showed a gain of 3/8 to 3/4¢ a bu for the various months. Some fair moisture was being reported,

Rye was higher, and there was short-covering in this cereal, also. The deferred months were just as strong as the nearby, and we see that a little rye is coming to Chicago by barge, but the quantities are small.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Feb. 10, 1944.

It is becoming daily more apparent that the feeding program upon which we have embarked is overly ambitious based on the consumption which is now in progress. We have no quarrel with the first intent to try to build up large meat supplies during wartime. At the outset, our grain surpluses were so large that those who conceived the idea undoubtedly acted in good faith. We are not insisting that the price of corn be lifted because we know that the OPA has strong convictions that prices should be kept down. We do feel, however, that the question of dissipating our wheat supplies is a matter of grave public concern. At best we could only continue to consume our wheat at the present rate for a period of six to eight months, and if there were any crop disappointments it might prove to be a very dangerous policy long before that time.

Under these circumstances, we can see only one alternative : namely, that we lean more heavily upon Canadian surpluses. On August 1, 1943, the crop and carryover in Canada amounted to 895 million bu. In ordinary times domestic consumption will not account for more than about 130 million bu, but allowing nearly 100 million bu for feed, since they are also using vastly larger amounts, and some for alcohol, we are willing to accept Sanford Evans' figure of 175 million bu for domestic utilization. This means that net supplies in that country amounted to 720 million bu. Statistics for the first 27 weeks of the season show that exports have amounted to 175 million bu, including tremendous shipments to the United States. This would be at the annual rate of 340 to 350 million bu, and thus suggests a carryover of about 375 million bu. The great difficulty has been the question of transportation, and with this in mind we offer the following suggestion, claiming a background of experience in the grain trade going back many years.

At the moment there is only 20 million bu of wheat stored at Fort William and Port Arthur; other grains, such as rye, barley, and oats, account for only 19 million bu. However, these ports have a licensed capacity of 144.6 million bu, and actually the space is all usable. On April 1, 1942, there was 133 million bu of wheat in store at those points, together with about 7 million bu of other grains. Our plan, therefore, is that the purchases of wheat by the CCC in our domestic markets be stopped forthwith. We have at least 80 million bu on hand, which is more than ample to take care of all feeding requirements for the next two months, and by that time lake navigation will open. We also recommend that instead of sending empty freight cars to Canada to bring grain down to this country that that practice be eliminated. It is a slow process, and would be far better to build up a reserve stock at the head of the lakes. If we use our freight cars for short hauls from the Prairie Provinces to Fort William and Port Arthur it would accomplish much more good. There is easily 100 million bu of empty elevator space at Fort William and Port Arthur, and if the grain can be brought forward from the farms it will be a comparatively simple matter to bring these supplies to Duluth, Buffalo, Chicago, Toledo, Erie, and other important points of distribution in the United States next spring. This is our honest conviction for a workable plan, and may save us from disaster, whereas the continual buying of wheat in our domestic markets presents great dangers, which possibly are overlooked at a time when we still have enough grain on hand to assure us of a reasonable carryover.

Primary receipts were 1,659,000 bu compared with 1,403,000 bu last week, and 1,022,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 494,000 bu.

Markets were rather quiet despite the fact that there was wonderful moisture overnight. This was mostly in the form of snow, but it was general over the Northwest, covered all sections of Nebraska, also the entire Southwest, and portions of Iowa. Indications are for more, but the trade paid very little attention to this factor. It also ignored, to some extent, weakness in rye, and a report that a few cars of sample grade oats at Minneapolis had receded from the ceiling. There were, however, reactions from the day's best figure, with final prices showing losses of 1/2¢ per bu.

There was very little additional news in rye, but whatever information we already have is of a bearish tenor. The only hope we can see is that the longs might try to sell their supplies to distillers for the manufacture of commercial alcohol, and it is quite possible that some proposals have been made by longs in an effort to accomplish this. Distillers, however, are refraining wherever possible from the use of rye since it does not fulfill their requirements.

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CHICAGO 4,Ill. Feb. 11, 1944.

The important news at the moment is the weather and further snows, which were moderate to heavy, were quite generally reported during the past twenty-four hours, and were especially welcome over the Central West, Southwest, and in the Central States. Adding this to the moisture which had been reported during the previous twenty-four hours, we believe that the drought condition has been pretty well relieved in all areas, with the exception of the far Northwest. In looking at the government map for January, we find that Texas, Oklahoma, Kansas, Nebraska, South Dakota, New Mexico, Colorado and Utah all had more than normal precipitation, and it ranged from 113% of the normal in Oklahoma to 265% in Nebraska. The average was 169%. The dry sections were Illinois, Indiana, Ohio, and Kentucky, but from what we learn those latter States have all had good relief. This is naturally a very satisfactory development for the grain trade, particularly during war time, and especially so when we are using such large quantities of grain for feeding purposes and for the manufacture of alcohol.

The trade, however, was not very much impressed with the improvement, but probably has in mind that so long as we use practically as much wheat for animals as for human consumption, real weakness is not likely to develop. The milling demand is rather disappointing, and it had generally been expected that after February 1st, a larger volume would be booked with the new subsidy rate effective. This is normally the time of year when flour business is slack, and with the difficulty in getting boats for Lend-Lease shipments, even government purchases have been considerably less than anticipated.

Little attention is paid to developments in Southern Hemisphere countries. While we were having our drought here, Argentina was experiencing just the opposite type of weather; in fact, rains during January lowered not only the quality of the wheat crop, but according to some observers caused a loss of 51 million bu. It may be possible that the earlier estimates were overly enthusiastic, and based on the acreage we were always dubious that a crop of over 300 million bu would be harvested. Even the present estimate of production of 261 million bu is better than average, and taking into account the big carryover reserve, there is plenty of wheat in that country over to supply our feeding needs if boats can be obtained. The government had set aside 75 million bu wheat for fuel, but apparently only 7 million bu has actually been burned; therefore, instead of having a carryover of only 130 million bu, Broomhall figures that it actually amounts to 208 million bu, which means that the total supplies on hand at the beginning of the season are 469 million bu. A little of this wheat has been sold and not yet shipped to countries like Spain, but the amounts in the aggregate are not large. We still believe that taking all the export countries into the reckoning, our best means for obtaining feed supplies is Canada. We learned only yesterday that about 3 million bu Australian wheat was being shipped to Mexico in exchange for some Canadian wheat now located at Chicago, the latter to be used for feeding purposes, but wherever long ocean hauls are involved, the task of importing is tedious. There has been a reduction in the number of box cars to be used for hauling Canadian grain to this country. Instead of employing 200 cars, only 100 will be so used during the next thirty days. We still insist that the most efficient use of empties would result through hauling wheat from Canadian country elevators to the head of the lakes, thereby saving a rail haul of 1,500 miles from Fort William to Buffalo where boats could do the job more efficiently after opening of navigation.

Wheat primaries were slightly over 2 million bu, which was 200,000 bu larger than last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 646,000 bu. When the visible is posted next Monday it will compare with a decrease last year of 1 1/4 million bu.

Despite the moisture and early weakness in rye, wheat showed a fairly good undertone, and there seemed to be hardly any pressure from the country, and apparently very little wheat is being hedged. Final prices were 1/8¢ per bu lower to 1/4¢ higher.

Rye was weak early in the session, but rallied toward the last on announcement from Washington that the industrial alcohol industry was experimenting with the use of rye starch in rye flour in an effort to relieve in some degree the unprecedented demand for wheat and corn. Industrial alcohol producers through a committee recently reported that the use of whole rye grain in alcohol production reduced the output, but the WPB hopes that new methods of converting to alcohol may be more satisfactory.

UHLMANN GRAIN CO.

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CHICAGO 4,Ill. Feb. 14, 1944.

There was further moisture over the holiday, mostly in the form of snowfall, which was light to moderate, but it extended into nearly all sections of the grain belt areas, including the Northwest, Southwest, and Central States. This should be very reassuring coming on top of moisture which took place the latter part of last week. Even the crop production report, which was released in Washington on February 10th, prior to this last wet spell, called attention to the fact that while dry weather had been causing some uneasiness regarding crop prospects; there had in recent weeks been great improvement in some dry areas, and the outlook now appears definitely subnormal only from eastern portions of Wyoming and Montana westward, where more rain or snow is urgently needed to insure adequate moisture for dryland crops and for most irrigated areas. There has not yet been sufficient relief in the far Northwest, but elsewhere we feel that Nature has been very provident, and this should all tell its story as we come into the growing season.

The trade seemed a little more interested in the weather than heretofore, and even though rye opened as much as 1¢ a bu higher, wheat was barely steady, and as the session progressed, there seemed to be complete indifference on the buying side. This may also be attributed to the fact that government purchases have been rather disappointing, and the flour business is rather dull, with no likelihood that there will be much improvement until at least later in the month. The reason for the higher rye market was largely short-covering, spurred also by activity of one of our local interests, who has been committed to the long side for a period of many months.

It had been announced by WPB that experiments were being conducted to determine the results of distilling industrial alcohol from rye grits. We have been in touch for some time with a few of the large industries of the country, and we heard that some months ago rye had been used experimentally in various forms in an effort to use it in substitution for wheat. The original experiments, which apparently had been carried through by the same parties who had successfully handled wheat in its first stages for use in commercial alcohol, found that the rye had been giving inferior results, As far as we can tell the tests have prejudiced the distillers against the use of rye. Of course, a certain amount of controversial thinking may come into the picture. There has been a vast amount of rye accumulated on the various delivery months, and we do not believe that the holders have been successful up to this time in finding an outlet for their grain, and it would naturally be to their advantage to have it ground into alcohol. There is this to be said in their favor: namely, that the heavy feeding program has been a drain on wheat supplies, but on the other hand a few million bushels would not go very far in effecting a program so important as is our alcohol manufacture. The chances are that if the longs would dispose of this concentrated holding, it might influence the balance of the market considerably, and thus cause a higher price to be paid for any future purchases.

Primary receipts were heavy and amounted to 4,139,000 bu compared with 2,832,000 bu last week, and 1,941,000 bu last year. The visible supply decreased 1 1/2 million bu, with total stocks in all positions 105 million bu against 185 million bu a year ago. Chicago stocks of domestic wheat are less than 5 million bu now, and decreased 656,000 bu. Rye was practically a standoff at Chicago with both domestic and bonded supplies unchanged.

Wheat led the decline today in a rather quiet session. The potential outlook of the crop has improved materially, and under the influence of continued warmth and improved soil-moisture conditions, the wheat plants are beginning to show green in western Kansas and northward to central Nebraska. In some sections where a severe drought had prevailed, it is still too early to determine how much wheat will recover from the previous dry weather. A decline of about 1¢ per bu from the preceding session was followed by a slight reaction, with final prices 5/8 to 7/8¢ per bu lower.

Best prices for rye were not maintained, and the demand for the cash article is still very poor. The hope of some traders rests on the possibility of rye being used for alcohol. Should such a procedure follow we feel that rye might be worth the money, otherwise it is already selling at a pretty high price.

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CHICAGO 4, Ill. Feb. 15, 1944.

The Department of Agriculture has estimated that the 1943 farm income would exceed $19 billion. Livestock and the various products thereof contributed to the major factors in the advance, and the total cash income from all marketings was nearly $4 billion greater than the previous year. If we recall correctly, this compares with only $4 to $5 billion which farmers received in 1932, when we were in the midst of the depression. Whenever this figure reaches a high mark, which is mainly during wartime, there is always the danger of a land boom. This excessive land fever invariably is followed by a period of depression, for producers who pay extremely high prices to buy more acres find that after agricultural prices recede, it is very difficult to get the proper return on their inflated investment. There has recently been introduced in Congress a "farmland boom profits" tax bill, and the Department of Agriculture has studied many suggested ways of heading off such a disaster as followed in the wake of the last war. A natural increase since the early development of our country is perfectly proper. In Iowa, for instance, values were seven times as great at the beginning of this century as they were in 1850. On the other hand, a typical Iowa tract of 160 acres, which brought $10 an acre in 1884, appreciated in value so that in 1920 it sold for $396.00 an acre, and later foreclosures were not uncommon at $170.00 an acre, which is not far different from the present value.

When our market opened this morning, there was little to guide it. There had been some additional snows reported in parts of the Southwest. Norton, Kansas, for instance, had 4 inches, and there were lesser amounts elsewhere. The weather map is favorable for a continuation of this situation, at least for the Southwest, but in the Central States it is clearing and much lower temperatures are expected. The ground, however, seems to be amply protected, and, therefore, a spell of winter should do no particular harm.

Despite a slightly lower cash basis in the Southwest there was no particular weakness anywhere. The milling demand will probably remain quiet for the next two weeks. Government orders, which had been expected for Lend-Lease are held in abeyance owing to the scarcity of boats. Nevertheless, our requirements remain large, and the government seems fully cognizant of this situation. It is figured that during 1944 we shall import about 175 million bu wheat from Canada. In addition tothis, large quantities of grain and substitutes will be needed for the alcohol program. It is estimated that we can acquire through Cuban imports about 65 million gallons of molasses, which in terms of wheat would mean approximately 10 1/2 million bu. There is no change yet in the expected carryover wheat reserve currently figured at 300 million bu, but even with a good average crop next summer, our consumption at the present rate would soon overtake supplies, except as we augment them through foreign imports. This is the foundation for a rather firm market, but one which is close enough to the ceiling to retard speculative enthusiasm.

Primary receipts amounted to 2,296,000 bu compared with 2,388,000 bu last week, and 1,515,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 152,000 bu.

Shortly before the close of trading it was announced that Argentina had declared war on the Axis. Diplomatic relations had been getting progressively worse, and this was no great surprise; likewise, it had no market effect. Wheat was relatively firm considering the sharp break in rye, and there is no pressure from anywhere. There continues to be a large quantity of wheat in the country unhedged, and with values 4¢ from the ceiling on basis of May wheat, it naturally makes operators very timid in protecting themselves. Final prices were just 1/4 to 1/2¢ per bu lower.

In rye the open interest continues to expand, although at a slower pace. Nevertheless, there is 47 1/2 million bu open of the various futures, and a good deal of buying has been under the leadership of longs who have accumulated cash rye in this market for the past 8 or 9 months. They seem to be hopeful that the government will sanction the use of rye for alcohol manufacture. Should they fail in this, the ordinary demand remains extremely poor, and apparently some are dubious in face of the experiments thus far carried through that rye will be used in substitution of wheat. The market, therefore, is becoming more two-sided, and we believe that extreme caution on long positions must be exercised as very sharp breaks in rye are possible under present circumstances.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Feb. 16, 1944.

The status of American agriculture has hardly ever been better than at the present time. The net cash income of all farmers is twice as large as the net income of all corporations in the country, big and small. We doubt whether a situation of this kind has been matched on many occasions, and naturally it gives rise to the question as to what the trend of agricultural prices will be in the post-war era. At the start we are quite confident that the demand will be enormous, and with the feeding program continuing on a big scale, the domestic surpluses are being rapidly depleted.

It is rather peculiar, but, nevertheless, encouraging to see that the laws of supply and demand are operative even in wartime. By this we mean that there are some articles that go against the trend, and in World War 1, coffee was the one outstanding commodity which did not rise in price when almost everything else advanced, for the reason that it was overproduced. At the present time we find that quick silver is in much the same classification, with prices having dropped about 40%. While some may argue that this is a relatively unimportant commodity, we would take issue with them. At the start of hostilities many scientists were worried whether we could import enough mercury to take care of our war needs. It is used very largely in the manufacture of mercury fulminate and is required as a detonator in explosive charges. It also has a large use in galvanizing electric contacts, and is needed in manufacturing submarines where non-spark switches are essential. For a time we practically discontinued manufacturing mirrors, and even thermometers were scarce in hospitals, but apparently California, Oregon, and Nevada came to the front in mining quicksilver on a much heavier scale, with the result that prices have receded. Here is another example of price functioning, which is indicative that even during a period of moderate inflation some articles are bound to lag. It is also possible that we are catching up on our copper and zinc supplies, so that there is no assurance that the general commodity level will continue higher for all products; in fact, the opposite may happen.

When our market opened this morning, rye was apparently under liquidating pressure, possibly due to margin calls, and this cereal reacted about 9 to 10¢ a bu from the highs made earlier in the season. In wheat there were sympathetic declines, based also on the poor flour demand. An occasional good-sized order may be put through but the majority of bakers are showing no interest, and this is generally the time of year when sales are extremely small. The FDA has not only stopped purchasing for the moment, due to the scarcity of boats, but is also behind schedule in ordering out previously contracted commitments. Despite the fact that current sales are less than one-half, or even one-third, of capacity, there is no particular amount of pressure from the country, even though receipts are keeping up quite well.

The weather has been very favorable, and while overnight snow was rather light, it covered a rather wide area, and the chances are that more moisture will occur tonight in the Central States, and the same is expected Southwest. The weekly government report on the whole was encouraging; much of the winter wheat belt experienced sub-zero temperatures during the period covered, but fortunately most of the area was blanketed, but there was a good snow cover prior to the cold spell and this afforded ample protection, while the melting of the snow will provide much needed moisture, especially in the Ohio Valley States.

Primary receipts were smaller at 1,569,000 bu compared with 1,738,000 bu last week, and 1,309,000 bu last year. Kansas City and Minneapolis stocks show a total decrease so far this week of 216,000 bu.

Total volume of wheat trading was small. After mid-session when rye recovered, there was a little better sentiment and last wheat prices were unchanged to 1/4¢ per bu higher.

There was considerable short covering in rye today. The fact that Winnipeg prices at one time were about 1¢ a bu higher occasioned some comment, but as we understand it only small orders up there are necessary to influence the price level. The main argument continues as to whether or not this cereal will be used for the manufacture of commercial alcohol. There continues to be resistance on part of distillers, who after all are the best judges of their requirements.

UHLMANN GRAIN CO.

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CHICAGO 4, Ill. Feb. 17, 1944.

The Senate voted an end to food subsidies by June 30th, and the House will probably vote on the compromise sometime today or tomorrow. Some believe that if this should become law, it would deprive the administration of its chief weapon in controlling the cost of living. However, there are any number of sound economists who have held that wartime subsidies are one of the defensive weapons used in the retreat of a regimented price economy. The first step was to attack with general price-fixing orders. Since these proved ineffective because they created many inequities, the strategy was shifted from attack to defense. The first defense weapon was rationing, which in turn was only partially effective because it did not eliminate previous inequities, and in fact produced still more. To hold the retreating line, subsidies were called for. The demand for subsidies was an admission that low ceiling prices impeded the production of this or that commodity and had not protected the consumer nor eliminated inequities as it was assumed they would. For anyone to believe that subsidies and taxes work alike in the fight on inflation is surely a fallacy, for they are as opposite as the poles in their effect on this curse. Taxes reduce the purchasing power of the consumer and transfer that purchasing power to the government. On the other hand, subsidies increase the purchasing power of the consumer and decrease the purchasing power of the government. In so shifting the purchasing power from government to civilians, it results immediately in delayed inflation, which is ultimately a tax on consumers. Likewise, it shows that the bigger the wartime subsidies, the greater the inflationary force. Ultimately, despite all kinds of rigid controls, inflation will operate as a tax to partially offset the maladjustments created by mounting subsidies.

These considerations had very little market effect, and it is generally assumed that the President will veto legislation now being proposed, although Washington advices are to the effect that certain Congressmen have warned that if the subsidy bill is vetoed, they will seek to attach the ban to the forthcoming Price Control Extension Act. Moderately firm prices ruled early in the session, possibly in sympathy with higher cotton quotations, and it is rather striking how this commodity has had some effect upon our opening prices in recent weeks. Possibly the reason has been that there are no Liverpool quotations to guide us. Hardly any hedges are coming in or out of the pit with the passing of cash trade, and with weather hardly an inspiration, local operators are looking to the one important commodity market and to securities for their cue.

The WFA is urging farmers to reduce their beef cattle by 3 million head in order to bring the rec ord numbers of livestock into closer balance with decreased feed supplies. This would be a reduction of about 4% of all cattle, and would help some, but we are convinced that in the long run our present feeding program with respect to wheat will deplete supplies unless we can bring in larger quantities from Canada. A shuttle service, such as we recommended, from the Canadian prairie farms to the head of the lakes would certainly be a step in the right direction, for the shortage up there is in transportation, including locomotive power, but surely not in grain.

Primary receipts of wheat amounted to 1,950,000 bu compared with 1,659,000 bu last week, a nd 1,388,000 bu last year. Kansas City and Minneapolis so far this week show a total decrease of 329,000 bu. Other statistical data had very little effect. We find that since August 1st to-date there has been 104 3/4 million bu of wheat imported from Canada, 26 million bu of oats, and nearly 16 million bu of barley, or a total of all feeds amounting to 146 1/2 million bu. In addition to this, some rye has come in, but mostly for bread purposes. Thirty-two weeks of the crop year have passed, and our wheat and flour exports have amounted to slightly over 28 million bu, indicating possibly 40 to 50 million bu for the entire season. With further moisture Northwest and Southwest, even though light, new crop futures were under pressure, and closed 1 3/4¢ per bu lower, while the May delivery was down 3/4¢ per bu.

Rye which had been subjected to short covering yesterday, is becoming much more two-sided. There was one report from New York that it was very unlikely if a larger corn movement should take place that rye would be used for the alcohol program. The open interest decreased slightly, but is still very large, and amounts to practically as much as the total rye stocks in the country.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Feb. 18, 1944.

Toward the end of the session yesterday, there was considerable selling of September wheat; and gossip had it that this had been a hedge against sales to Mexico, which were probably being filled by an exchange of our wheat for Australian wheat. In other words, instead of the grain being shipped cross-country from here into Mexico, it was considered more economical to release it in the United States for feeding purposes, and then bring back Australian grain in some of the boats which are carrying supplies to our boys in that section of the world. In any event, it did create a somewhat bearish sentiment.

There was another item of interest which, while pertaining largely to wheat, also could have its repercussions on the rye market. WPB instructed one of the largest East Coast distillers to reconvert production immediately for the purpose of using molasses instead of grain, and while one single plant would probably not use a sufficient quantity to make a vast difference in the whole wheat picture, it was at least placing emphasis on the fact that the government was cognizant of our heavy consumption and was taking steps to correct it. Of much greater importance in our opinion is the feeding situation. There have been days and weeks when the Commodity Credit Corporation sold anywhere from 7 to 10 million bu during a seven-day period, and the price was sufficiently low to be an inducement even in sections where wheat had scarcely ever been fed before. This in our opinion has to stop if in the long run we wish to avoid a calamity. There were years when grain supplies were excessive and it mattered little how large a feeding program we undertook, but that day has passed. Now that we are dependent largely upon Canada, or to a lesser extent upon other surplus countries, we can hardly afford to gamble so heavily with an important item of food, such as wheat.

Late yesterday the House passed anti-subsidy legislation, and from there it was routed to the White House, but at noon today, Washington reported that the Chief Executive vetoed the measure, and declared in vigorous language that such a law would destroy the stabilization program. He termed it an inflation measure, a high cost of living measure, and a food shortage measure, and urged the Congress to act with utmost haste in extending the life of the CCC, which expired two days ago.

When Japan entered the war Australia's exports of wheat and flour were immediately cut in half. Under these circumstances, it was fortunate that her crops were not too large, but in the current cereal year we may expect a substantial increase in the foreign demand with Australia as the main source of supply for India where famine relief is necessary. There has been talk that as much as 55 million bu may be needed, although we doubt whether any such quantity can be shipped, and furthermore a bumper rice harvest is reported in Bengal; nevertheless, complaints of a food shortage continue.

Primary receipts amounted to 1,725,000 bu compared with 2,029,000 bu last week, and 1,444,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 528,000 bu. When the visible is posted next Monday it will compare with last year's decrease of 4,744,000 bu.

The wheat market was lower, and also displayed some rallying power at times, but on the whole there was no particular trend, and at the last prices were unchanged to 3/8¢ per bu lower.

Broomhall estimates that Argentine's exportable wheat surplus amounts to 287 million bu compared with 191 million bu last year. We presume this takes into account large extra usage for fuel and for feeding purposes.

Rye was lower during most of the session, but at times short covering carried prices near to the previous day's close. On all rallies there seemed to be profit-taking and liquidation. Believe this will be the case for some time to come, as the open interest is still very large, and the only source of hope rests upon rye going into consumptive channels on a heavier scale.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4, Illinois, February 21,1944

The weather forecasts for southwestern districts have been supporting the idea almost daily that some moisture would fall, and while precipitation in recent days was not particularly heavy, the over-all improvement must be great. In fact, the WFA in its weekly grain and market review makes the following comment: "For the country as a whole, wheat may be in poor condition at the beginning of winter and later, with favorable weather, show marked improvement. An outstanding example of this was in 1940. Severe drought obtained in the fall of 1939 and, at the beginning of the winter, wheat was in very poor condition, the Department of Agriculture reporting by far the lowest figure of record on December1. Later, favorable weather prevailed and yields considerably above average were harvested." Thus there is recognition that while the fall months are generally very important in determining the following year's crop, it is not absolutely essential to have the wheat germinate immediately after it is planted, although we readily admit that this is more desirable, and at least it causes less apprehension particularly in wartime when big crops are needed.

We are now entering the period when ordinarily higher prices prevail. The calendar for obvious reasons cannot always be religiously followed, for there are many exceptions, and particularly so at a time when many artificial factors control. Nevertheless, there is usually an improvement in the milling demand at this period of the year, and we are also approaching the time when crop scares make themselves felt. Taking up the points in the order mentioned, we are somewhat doubtful whether flour demand will improve materially, although some government orders are likely to be placed if ocean cargoes become available. Secondly, it will be difficult to have much crop news until at least the snows have melted, and ordinarily the first results from melting snows are greening-up of fields, and it may be some time yet before we have a spell of adverse news. There are already reports in the southern belt, especially the Southwest, where no snow occurred, that the plant had begun to greeu-up materially from recent warmth, growth was definitely affected by low temperatures, and there is indication of local harm to plants, but this has occurred in rather restricted areas. Fortunately most of the area was blanketed by snow-covering, which has afforded ample protection during the period of cold weather, and even in the South the soil continues mostly too wet for any spring seeding.

The feeding situation continues to command attention. Livestock numbers on January 1st, in terms of grain-consuming animal units, were 7% larger than a year earlier. At the same time, supplies of corn available for feed were about 2 million tons under those of a year ago. Stocks of oats for feed were about 720,000 tons smaller, assuming that imports will be only three-fourths as large as last season. Barley supplies for feed on January 1st were about 100,000 tons less than in 1943. There was about 200,000 tons more of rye, but about the same quantity of grain sorghums was available for feed. Thus the main hope rests on the fewer number of animals bred from this time on, for despite a record slaughter of meat animals in 1943, the number of livestock on farms was at an all-time peak. This increase in numbers was a continuation of the upward trend that has been uninterrrupted since 1938.

The visible supply was late in being compiled but Chicago wheat stocks decreased 241,000 bu, leaving 4 1/2 million bu here. Domestic stocks of rye increased 70,000 bu, and the bonded supply decreased about the same.

After mid-session it was announced that the CCC was not taking any further orders for feed wheat at Chicago, and understand that similar action obtained at both Kansas City and Minneapolis. This may be only temporary, and there is some talk that if the program is resumed, higher prices may be charged in order to keep wheat from going into consumption at such a rapid rate. This, in our opinion, tinges a little on the bearish side, but the trade construed it otherwise, feeling that if wheat is so scarce, government action at this time denotes apprehension on their part, and the result was that prices moved up, with the close unchanged for May and an advance of 1/4 to 5/8¢ per bu for the deferred months.

Rye was strong, and there was further short covering. There was nothing to indicate that this cereal would be used for the manufacture of alcohol. It is true that 10 million bu was tentatively scheduled for that purpose, but like a budget it does not necessarily mean that an early promise of usage will find fulfillment.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Feb. 23, 1944.

It was announced last Monday that the CCC had temporarily suspended offering its stock of wheat for feeding purposes, and nobody could be quite sure whether this represented a change in attitude on part of the government in view of the dwindling stocks, or whether such action had been taken pending other developments. In the past, they have ceased their operations for periods in order to take inventory, but we believe that in this particular instance, there was quite another reason: namely, that the CCC is not officially functioning. Attached as a rider to a bill continuing the life of the CCC was the anti-subsidy measure, and the veto on part of the President leaves this governmental agency without a legal tenure. It is quite possible, however, that Congress will extend its existence to probably July 1, 1945, and after such steps are taken very likely the agency will continue both to sell wheat and to buy it.

In the meantime, there is a little more wheat accumulating at Ft. William and Port Arthur; about 24 1/2 million bu is now stored at those points, and in addition to that there is 5 1/4 million bu rye, 8.6 million bu barley, 8.2 million bu oats, and 4.4 million bu flax. So the total of these commodities amounts to about 51 million bu, but with the rated capacity of 145 million bu, there is approximately 94 million bu of empty elevator space which could well be utilized for wheat if railroad facilities were sufficient to bring grain from the country to the head of the lakes. As a matter of fact, it will probably be very necessary to import wheat heavily from Canada owing to the fact that the defaults from the 1943 crop are apt to be very small. As near as we can judge there is about 129 1/2 million bu wheat on which loans had been taken by farmers, both for country and terminal storage. Of this quantity redemptions have amounted to nearly 63 million bu, which means that the net amount still frozen is only 66 million bu, and the chances are with the present market more satisfactory than the loan prices, these liquidations will continue right along, and finally a very small amount is apt to be turned over to the CCC. Thus it is altogether probable that if the feed wheat program continues as in the past, the government, in order to continue it, will have to either buy wheat in the open market or obtain it in Canada. We believe that the latter is far more advisable, and quoting from the current issue of "Wheat Studies," published by Stanford University, they estimate that the carryover of wheat in the United States next July 1st will be only 265 million bu. This is not a very large amount of wheat in wartime, considering that we have always felt it necessary to be the breadbasket of the world and to take care of war-torn Europe after hostilities have ended. UNRRA is already extending its operations, and as the allies advance farther and continue to conquer, the subjugated peoples must be cared for, if for no other reason than to minimize riots and civil wars, which would mean danger behind the fighting lines.

Primary receipts over the holiday were quite large, at 3,986,000 bu compared with 1,569,000 bu last week, and 2,374,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 128,000 bu.

It had been hoped that government buying orders in flour might be under way, but there have been disappointments again due to shipping difficulties, and the chances are that purchases for Army, as well as for Lend-Lease, may be held in abeyance for another period; meanwhile there is even a delay in getting shipping instructions on contracts currently on the books. The normal flour business is extremely dull, probably less than 50% of capacity, and most mills are reporting a minimum of inquiries, so that from this point of view, hardly any hedges are being taken out of the market. Final wheat prices, while relatively steady for May, showed a decline of 5/8 to 7/8¢ per bu for the deferred months.

Rye was somewhat weaker, large scale use of this cereal in the production of industrial alcohol is unlikely. Experiments are still taking place, according to WPB, but the use of 25% rye in mash for industrial alcohol would reduce total output by 10%, according to distillers. The industrial supply of alcohol is already low, and any changes or experiments might interfere with the war production schedules Under the circumstances, it is doubtful if rye will become an important factor, at least for the time being. This seemed to cool enthusiasm to some extent, although the volume of selling was not heavy.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Illinois, February 24, 1944

It is generally assumed that war is bullish on commodities, and that when peace comes the situation will reverse itself. We believe that anyone who analyzes the present situation will come to the conclusion which we have-- that wheat prices in this country are high based on the following considerations. First of all, the loan had bullish implications, with large quantities impounded and withheld from the usual marketing channels. This alone might not have kept prices on the upgrade, but we had two additional factors: namely, the tremendous feeding program, and also, the larger quantities required for alcohol manufacture. In other words, the surpluses built up over a period of years were gradually depleted, and at the end of the season it looks as though our reserve stock would not be much larger than a normal one. However, the world wheat situation is not at all bullish; in fact, it is quite different from conditions which existed during World War I, as we believe the following figures taken from The Food Research Institute will show.

As is generally the case, statistics do not include Russia, China, and a few minor countries, but in any event for a comparative analysis they are rather convincing:

World Wheat Production in 1943	- 3,946,000,000 bu
" " " " 1942	- 4,075,000,000
" " " " 1941	- 3,904,000,000
Five-Year Pre-War Average	- 3,787,000,000

Even with the heavy drains which were caused by feeding in this country, also heavier feeding operations in Argentina, and some burning of wheat for fuel, we find that world wheat stocks on August 1st were estimated at 2,025 million bu compared with the 1934-39 average of 796 million bu. To those who have been following only the domestic data, this may be a revelation, but at least it shows that even in wartime, with all the devastation which has taken place, production has been very well maintained. Supplies, by which we mean crop plus carryover, totaled this past season 5,971 million bu against 5,875 million bu in 1942-43, and only 4,603 million bu for the average, pre-war period, (1934-39).

This all goes to show what happens to a commodity which is raised in every country and virtually every climate. Wheat is produced in the northern countries of Sweden and Norway; it also comes from southern countries of Italy, France, and Morroco, and flourishes throughout Central Europe. Siberia, which one pictures as a region of constant, unremitting cold and freezing temperatures, is also a large producer of wheat. Even in India, where there has been a great famine, the production is well over one-third as much as for the United States. Under these circumstances, the growing of wheat can never become a monopoly. As Broomhall points out, no matter how exporting countries may plan, and how they may subsidize to ease over difficulties, they must some day get back to a competitive basis if they want to retain their place in the overseas market. After this war, it is possible that many countries may be persuaded to use a larger share of their home markets for overseas products, but they will insist on purchasing their wheat at a fair and economic price, and the only fair price universally accepted is that which is established on the open market. He further points out that open market fluctuations, which are claimed by some to cause too great a disturbance on farmers' income is shown to be pure nonsense. The trouble with all these schemes is that while any country can enforce a fixed or parity price withinthe confines of its own boundaries, it has no power to enforce overseas buyers to accept it. In fact, these overseas buyers may have a different set of parity values. It is not human nature to pay a higher price for one's needs than it is necessary to pay. Whenever heavy impositions have been placed on supplies it naturally has had the effect of encouraging the importing countries to produce their own wheat, which we believe was the case inthe wake of the first World War, and was responsible in the end for the glut of supplies in surplus countries as the demand diminished and world shipments sunk to extremely low levels.

Political events at Washington were considered the forerunner of a veto on the tax measure, and was regarded as slightly inflationary. As a result there was a fair amount of short covering in all pits. It is interesting to note that the British are more fearful of post-war deflation than inflation. After the last war the Federal Reserve Board adopted a deflationary program, which was particularly hard on agriculture, and it was not until this action was moderately reversed by easing of credits that the downward trend was halted.

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CHICAGO MERCANTILE EX.

February 25, 1944

There were probably not more than 2 million people in this country who paid income taxes over a period of many years. As a matter of fact, in 1934, or fully ten years ago, the head of a family with two dependents had a personal exemption of $3,700, and, therefore, it is quite obvious that it was only the comparatively wealthy people who were called upon to meet the expenses of running the federal agencies. Income taxes were always based on a person's ability to pay, and for that reason were graduated so that percentage became higher for the very wealthy. It was not uncommon to attack the minority which was shouldering most of the burden by such expressions as "soak the rich," etc. When it comes time to raise $10 or $15 billion additional money, as has been proposed by various individuals, one must take into account that the method would have to be considerably altered, for individuals in the higher brackets are already paying about as much as could be expected. For example, persons with the heaviest incomes pay a normal and surtax running as high as 88%. In addition they pay a 5% victory tax, and in many of our states also a State income tax. There have been some cases where together with property taxes it was figured that theoretically certain people paid out more than they took in. Thus we can see only two methodsof obtaining larger funds: namely, by broadening the base so that the lower income groups will share to a larger extent in the collections, or else a general sales tax. These apparently were the considerations which Congress had listened to for many months, and because of the great difficulties involved, both the House and Senate overrode the presidential veto, and have now installed a tax bill for collecting only about $2 billion instead of the much larger amount which had been sought. This may mean a larger spread between income and expenditures, but apparently cannot be helped.

Nevertheless, it is being construed as slightly inflationary, and for the past two days we have had considerable short-covering for this reason, and also, because our consumption of wheat is continuing at a very heavy pace. With the CCC being given a new lease on life, sales of feed wheat will undoubtedly be resumed, and the Department of Agriculture figures that our carryover reserve next July will be cut in half from last July, and will amount to about 300 million bu. This disclosure is in line with earlier expectations, but nevertheless emphasizes that we are not carrying too much wheat in wartime, particularly if anything should happen to the next crop.

Canadian exports of wheat as near as we can judge have amounted to about 192 million bu to-date. During 29 weeks of the previous season shipments were only 93 million bu. However, we are confident that much of this comprises grain being shipped to this country; there has been about 107.6 million bu shipped to the United States, together with 26.3 million bu of oats, and 16.1 million bu of barley. To the extent, therefore, of about 150 million bu of grain, we have been a very good customer of Canada. During a period of 33 weeks, because our crop season started in July, we have exported less than 30 million bu wheat and flour. Therefore, it is quite obvious that on balance we have become an important import country.

The Department of Agriculture in a resume yesterday pointed out that despite the recent improvement in crop prospects we were using wheat for food, feed, and industrial purposes at a rate which could not be maintained without help from other countries. This nation has been using wheat at a record rate for two years, and while there has been some increase in the consumption for food as a result of the war, the big increases have been in the use of grain for livestock feed, and for making alcohol. In spite of all the warnings, both official and from the trade, we doubt whether the feeding program is being relaxed in any way, although some contraction in the use of wheat for alcohol will undoubtedly result because of larger imports of molasses.

Primary receipts were large, at 2,261,000 bu; this compared with 1,726,000 bu last week, and 1,838,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 132,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage last year of 2 1/4 million bu.

With rains being reported over a wide area and more to come, there was finally some thought given to the improvement in moisture conditions. This resulted in some liquidation, with final prices 1/8¢ higher to 1/4¢ per bu lower. Other grains moved both up and down largely in sympathy with the leading cereal.

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CHICAGO MERCANTILE EX.

Feb. 28, 1944.

The Department of Agriculture estimates the winter wheat acreage seeded for harvest in 1944 at 47.1 million acres. This is 25% greater than was sown for either the 1942 or 1943 crops, and is only 2% less than the 10-year average (1932-41). Based on the December 1st prospects, winter wheat production was indicated at 527 million bu, but prospects have improved materially since that time owing to rains and snow. Over the weekend we had additional moisture which covered even some of the dry territories. For instance, the Texas Panhandle, which on Saturday had complained of dust storms, received as much as 3/4 inch rain at Amarillo, and very often high winds and dust storms are the forerunner of moisture. There was as much as 6 inches of wet snow at Garden City, Kansas, also a spot previously reported as dry. We would say that the precipitation was moderate to heavy; but very general over the weekend in all sections of the Southwest, which is very favorable coming at this time of the year.

On March 30th farmers' spring wheat acreage intentions will be reported, but we shall not have any indication as to the size of the crop until the 10th of June. It is very essential in wartime that large crops are raised, and with record usage the big surpluses have been depleted because of feeding operations, although we understand that the CCC and the WFA are fully cognizant of this situation, and are watching carefully to see that reserve supplies will be adequately maintained for the next couple of years. They figure we shall probably carry over 275 to 300 million bu on July 1, 1944, and 225 to 250 million bu one year hence, which they say is ample to assure proper food requirements. This will compare with an average of 235 million bu for the ten-year period, 1932-41. Apparently feeding operations will be gaged if possible to bring about these results. In fact, there have been some restrictions already based on the sales of feed wheat so that heavier hogs will not be permitted the luxury of human food, and the wheat is not intended for beef cattle beyond fair to good finish.

Under these circumstances, if our imports from Canada are maintained at a satisfactory level next summer, and crops come through according to present promise, we should be able to make ends meet, particularly if the feeding program is religiously watched.

As for rye, speculators hope that very large quantities will be utilized for distillation, and we understand that 25,000 bu was sold from Chicago today. Last year the commercial alcohol industry used less than 4 million bu of rye. We understand that recommendations have been made to the WPB that 10 million bu of rye, mostly in the form of grits, be used for alcohol production during the entire calendar year of 1944. This would be at the rate of less than one million bu per month, and might consume 4 to 5 million bu between now and the next crop. However, it does not appear to be a sufficient increase over the previous season to be an important fac tor, and unless actually forced down the throats of distillers there is no assurance that this full figure will be realized. The chief objection has been based largely upon the probability of a lower yield of alcohol than from an equivalent quantity of corn or wheat. Since it is not as efficient as the cereals just mentioned there may be sufficient antagonism or prejudice on part of distillers toward utilizing as much as has been tentatively scheduled for that purpose.

Primary receipts were quite large at 3,357,000 bu compared with 3,477,000 bu last week, and 2,580,000 bu last year. Visible supply stocks of wheat showed an increase of 649,000 bu for the week; total stocks now are 75,351,000 bu smaller than last year. However, an increase coming at this time of the year is somewhat unusual. The CCC announced that nearly 4 million bu of wheat were redeemed during the week, and with total liquidations of 66.6 million bu, there is only 63 million bu still frozen from the 1943 crop.

Wheat was quite strong in spite of the weather. Reports during the session told of the fine moisture, and in many parts of Oklahoma they had a slow steady rain, which was quite general, but wheat was firmly held, and with rye so strong, final prices were 1/4 to 1/2¢ per bu higher. The flour subsidy was raised to 25¢ effective March 1st, but in spite of this, May wheat lagged, while new crop futures were more buoyant.

There was considerable short covering in rye, and also some outside investment buying. No particular news surrounded this cereal, but longs appear to be confident, and there was very little pressure to sell.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Illinois, February 29, 1944

In most of the calculations it has been figured that Canada would probably ship from 150 to 200 million bu of wheat overseas, and taking into account an enlarged home consumption of, say, 175 million bu to take care of extra feeding requirements in that country, also some usage of wheat for alcohol, it would leave available for carryover next August about 500 million bu. Here again we find it difficult to come to any reasonable appraisal owing to the fact that allowance must be made for shipments to the United States. Our own government has in mind to bring in 150 to 175 million bu wheat if transportation is obtainable. In commenting on this situation, Broomhall in his Corn Trade News calls attention to the fact that if Canada's surplus is reduced to 350 or 400 million bu, it is not too large relative to possible needs, and the hope that Europe will be free in the coming year. It is also to be expected that an enormous consumption in the United States will be maintained, and up to the present time the Dominion government is reported in favor of no increase in acreage for next summer's harvest. Here again we have the dangers of continuing restrictive policies on part of a government. Quoting again from this international authority, he says: "A well-known argument for private enterprise versus Government control is that there is safety in numbers, that commodity pools and government committees have no elasticity, that it is better to have a thousand firms engaged in any particular business, each making its own decisions, than to rely on the decision of a single corporate entity. While, under private enterprise, some individuals or individual firms might come to a wrong decision, others would come to a right decision, and the latter would be in the majority, for the very good reason that, if wrong decisions are made too often, the firms or the individuals making them go out of business."

It is rather difficult to get accurate information relative to food and ration conditions within Germany, but our Department of Agriculture, in its recent survey of foreign crops and markets, gives some data, not so much with respect to crops, but on basis of nutrition. They say that on the basis of "consumption units," the comparison shows 92% of pre-war for 1942-43. In workers' families, caloric consumption appears to have been from over 90 to 100% of pre-war, depending on the wartime composition of the families and the consuming categories included. The information, they say, was compiled from official sources. We presume, however, that this relates to German families, who are undoubtedly eating better than the subjugated people, and being in control of vast agricultural lands in France, the Balkans, and the Low Countries, it would be interesting to learn how other peoples are faring.

Primary receipts were 2,339,000 bu compared to a holiday last week, and 1,903,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 50,000 bu.

Generally speaking the flour business is poor, and of course, news of an increase in hard wheat subsidies which will become effective tomorrow has placed buyers in a waiting position. There is nothing much doing on government orders, and apparently no immediate business is insight. The subsidy rates which will soon become applicable seem to be in relation with protein ceilings, which remain over the price for ordinary cash wheat.

There has been considerable short covering yesterday, and also some buying by people who are guided by charts. Little attention has been paid to improvement in the weather, but with good moisture in central Kansas overnight, and the possibility of snows by tomorrow night in the western part of that State, there is bound to be crop improvement. Some liquidation took place with final prices 7/8 to 1¢ per bu lower.

Rye was strong early on the news that the alcohol situation was being examined in Washington by a committee to see what merit sawdust and rye might have in utilization for industrial alcohol. Apparently longs took advantage of bulges to lighten their commitments. With an open interest of 49 million bu, we would not be surprised at any time to see further selling in the pit. The cash demand remains sluggish, and only actual consumption can correct the situation.

Feed grains remain in good demand, but animals are gradually being reduced. Hog slaughterings last week were 580,000 greater than a year ago, or an increase of 75%.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. March 1, 1944.

After the close of the market yesterday, new parity prices were published, and wheat was raised 1¢ a bu from the previous month to $1.50 on the farm, which is the highest price which has been attained since this concept was first thought out. At the present time parity prices for wheat are about 10¢ a bu higher than they were a year ago, and despite efforts to fight inflation, the government continues with this system, which in the final analysis means that next year's loan price will be based on the higher ratio prevailing. We figure on basis of farm parity the average loan to producers would amount to $1.27 1/2, based on an 85% loan, which would make the Chicago loan price about $1.46 1/2, adding costs of 19¢ a bu. This, of course, is considerably under the present market. If prices do not decline much between now and harvest, we figure that farmer will make less use of the loan than during the present season, and, consequently, more grain will come into commercial channels. It has been hoped for some time that some more efficient plan than the present parity system could be found.

As Broomhall points out, the confidence which has been brought to farmers, who now have the assurance of a continuous market and a fair price, has had much to do with the rapid increase in production, which finally banished the fear of famine from the European Continent. He stresses that a fair balance of price between farmers and consumers was established and was maintained for the better part of a century. Obviously, the big wheat industries of the United States, Canada, Argentina, and Australia could not have grown to their present stature had prices been uneconomic. However, in all these discussions of futures trading, we always come up against the pre-war depression period of 1929-39, when prices were low and sometimes under production costs. But he also points out that owing to the loss of the Continental markets, there could have been no other result. This may not have been understood by the farming communities in the exporting nations, and, therefore, so much of the criticism and all the plans were evolved for correcting the evils blamed upon the markets, which were only reflecting under-consumption abroad.

From figures recently published by our Department of Agriculture, the estimate of wheat production for thirty European countries, exclusive of Russia, was 1,540 million bu. This compared with 1,380 million in 1942 and 1,694 million in 1939, but despite war, the past year has yielded better than any crop since 1939. As a matter of fact, the showing is hardly worse than in many years before hostilities. Regardless of this situation, we figure that when the war is over, the demand from Surplus countries will be very heavy, and, indeed, it might remain moderately good, provided not too many trade barriers are adopted by the Continental Nations. It was in the wake of the last war that high tariffs were imposed; also, exchange difficulties arose and numerous other handicaps prevented normal importations, with the result that world shipments dropped to very low proportions.

Primary wheat receipts were smaller at 1,937,000 bu compared with 3,986,000 bu last week, and 1,388,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 26,000 bu.

Rye prices were firm right from the start, and this had a little influence on the wheat market, despite a forecast for moisture in Kansas and Oklahoma. We also hear that the recent rains in the Texas Panhandle were quite general, which is wonderful for the wheat crop, although it may slow up seeding of oats and barley, but still it is quite early in the season.

The President of the Board of Trade expressed the view that rationing of bread was inevitable under our current program of heavy feeding of wheat to livestock, and he advocated raising the corn ceiling from $1.16 to $1.45 a bu at Chicago in order to make it equally profitable for farmers to sell corn through commercial channels instead of feeding so much of it to animals. This may have inspired bullish sentiment to some extent, and final prices were 3/4¢ per bu higher.

In rye traders continue to be confident; WPB spokesmen are hesitant to make any commitments relating to the use of this cereal for alcohol. Distillers claim that utilizing it would cut the total alcohol yield at a time when full production is needed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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KANSAS CITY BOARD OF TRADE
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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

March 2, 1944.

Stocks of wheat in this country totaled 810 million bu on January 1st, and this appeared as quite a reduction from the all-time record a year earlier of 1,158 million bu; but at the same time it still represents a very large quantity, considering that our average January 1st stock in the years 1935-42 was only 593 million bu. On this basis, there is no reason for becoming panicky, and there is nothing in sight to indicate rationing of bread or of flour, as was the case during the first World War, when we had to resort to certain expedients, such as wheatless Tuesdays, and one wheatless meal a day, with certain restrictions for restaurants, but at the same time the rate at which we are consuming our surpluses does call for careful study. The fact of the matter is that our total disappearance since last July, the beginning of the crop-year, to the end of December was about 670 million bu, of which 270 million was for food, 290 million for feed, 55 million for seed, and 55 million bu for industrial alcohol. There are two interesting facts here: first, that the amount for feed was actually larger than for human consumption, and secondly, the total of 670 million bu for a six-month period is about equal to the total disappearance for a calendar period. While it is true that winter wheat seed has been included in these figures, it definitely shows that we cannot continue our feeding program indefinitely without having serious repercussions.

Imports from Canada continue to be an important factor, and since last August we have taken 110.2 million bu of their wheat; 26.6 million bu oats, and 16.2 million bu. barley, or a total of 153 million bu all grain. Indeed, the program has also helped to shape the export situation for Canada owing to the fact that her total wheat exports have amounted to 199 million bu compared with only 95 million bu a year ago, and thus the European requirements alone have been comparatively small in view of total wheat supplies in that country at the beginning of the crop-season of 895 million bu. It is to be expected that heavier shipments to the United States will be possible after opening of navigation, and due to a rather mild winter, the boats may possibly come through a few weeks earlier than in other years. Also, it is stated that ore shipments on the lakes will be about 12 million tons less than last year, so that with the greater number of ships navigating we may be able to augment our supplies very materially when the ice melts and the vessels ply between Canadian and United States ports. There is a slight building up of wheat stocks at Fort William and Port Arthur, but unfortunately this is a slow process. For the week, wheat holdings increased 2 1/4 million bu, and now total 26 3/4 million bu. However, railroad transportation from the West, including locomotive power, is inadequate to cope with the situation very efficiently.

While the overnight moisture was disappointing, the weekly summaries for the Southwest are quite reassuring. For Kansas, wheat generally continues to improve over the State with the present soil moisture supply. For Nebraska the tone of the reports is a little more encouraging, although still too early to get definite information on the outlook. Present surface moisture is favorable. Our recent private reports from Texas and Oklahoma have also been more encouraging.

Primary receipts of wheat were 1,829,000 bu compared with 2,416,000 bu last week, and 1,726,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 168,000 bu. We did not hear of any important flour business over-night, although there was some buying of futures here, and we understand the same took place in other markets also. Pressure remains very light, and in the Southwest not much grain is moving. As a matter of fact offerings are small, and roads are in poor shape because of moisture.

There seems to be a little more nervousness on part of shorts and hedgers, as May wheat gets closer to the ceiling. We believe this also has something to do with the buying of rye, which is still a comparatively free market. In other words, there are those who feel that if wheat, oats, and barley approach ceiling levels that rye offers the best opportunities for trading. As a matter of fact, there is also confidence on the theory that the government may insist on 10 million bu of rye being used for alcohol, but we could easily import an additional 5 million bu from Canada. Therefore, we do not place much importance to this thought. Final wheat prices showed advances of 3/8 to 1/2¢ per bu.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill., March 3, 1944

During World War I, our wheat reserves were drawn upon heavily owing to export requirements and the fact that Russia was cut off when the Dardanelles were closed, so that demands from here had become sizeable. Conditions during the present conflict are quite different. First of all, our exports during the first six months of the crop season amounted to only about 25 or 30 million bu. Even Canada was called upon to furnish very little for overseas requirements, but on the other hand, the domestic utilization in this country has been enormous. As we pointed out yesterday, consumption of 670 million bu for six months is about as much as we ordinarily use during the entire season. Although wheat usage for flour increased to some extent, this accounts for only a small part of the large expansion. The most important items were the increased diversion of wheat to non-food uses, principally feed and alcohol production. This year for the first time wheat used for these two purposes represented a heavier proportion of the total disappearance in the period from July to December than did the quantity of wheat used for flour manufacture. We could undoubtedly take care of the requirements for industrial alcohol without much trouble, since this item does not account for much more than our exports in normal times, but the heavy feeding of wheat is the big drain, and this is reflecting an unprecedentedly large livestock population, with hogs at the peak, having been built up to about 125 million head compared with probably 75 to 85 million in normal times. Also, supplies of concentrated feeds were only moderate, and the feeding ratio of wheat to livestock was particularly attractive, since the government sold this wheat at prices far beneath prevailing levels. Then, too, we had abnormally light marketings of corn, and even the advance in the ceiling price from $1.07 to $1.16, basis Chicago, which became effectiveearly last December, was too small to bring about any sharp increase in marketings, in view of the disportionate difference between this commodity and high-priced hogs.

Now that supplies are becoming depleted, various governmental agencies are becoming more concerned, and an official spokesman of WFA stated that the Nation's wheat reserves have shrunk to the point at which allocation will be necessary to conserve supplies. The first step appears to be in the conservation of wheat which had been used in alcohol manufacture, and the War Food Administration is seeking to arrange for the usage of 18 million bu low-grade, white potatoes for this purpose. They admit steps should be taken to move extra supplies before the spring and summer crops move to market; otherwise, these potatoes would go to waste, or might tend to depress growers' prices, which the government has promised to support. Another step was announced late yesterday when a million tons of sugar were withdrawn from civilian supplies to be converted into industrial alcohol to make up a 30-million-gallon deficit in war requirements. By using these two commodities, we figure that it would save anywhere from 20 to 30 million bu grain as a minimum.

Ordinarily this would have had an immediate influence on rye, but nobody can be entirely sure to what extent the government will turn from grain usage, and possibly some rye will be directed in the distillers' formula, a figure having been mentioned of about 10 million bu. This is not confirmed, but there seems to be great confidence by those who are long rye that they may have gotten some inside information from Washington. Apparently the market has been getting support for that reason.

Primary receipts were quite large at 2,121,000 bu compared with 2,261,000 bu last week, and 1,384,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of only 14,000 bu. We do not expect that the visible supply on Monday will decrease heavily; a year ago it went down 2,403,000 bu.

There was very little feature to the market; volume was again small, and for the entire pit may be as much as one commission house formerly traded in. With reactions in rye, and also in Minneapolis May wheat, which had been so strong yesterday, we finally had a decline of 3/8 to 7/8¢ per bu.

Weather on the whole was satisfactory, and more moisture is expected, and the Oklahoma State report said that field work was held up because soil was too wet.

Rye, which was stubborn early, finally declined during the last hour.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO March 6, 1944
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In a recent speech, Senator Harry F. Byrd stated: "Without free enterprise, we can have only a government by State Socialism. There is no alternative. This system can be menaced or destroyed in one of three ways: First, by excessive and exorbitant taxation; second, by senseless and unnecessary regimentation; third, by government competition with private business. With a strong and vigorous private enterprise system, we can stand a heavy burden of taxation. We can stand intelligent and reasonable regulation, but we cannot stand government competition. This will quickly destroy the free enterprise system."

While most people are struggling with their personal income tax problem because of the complicated form, the corporate one is much more intricate. In fact, thousands of corporations, even though not liable for the excess profits tax, must file a return. Many government examiners who have not had legal training will find the checking just as arduous as those who are trying to comply with the law. At a time when millions of men are in the armed forces, the efficient utilization of all our manpower reserves is the paramount duty of the government during this desperate war. There are at the present time 3,063,379 civil service employes on the payroll. It is nearly three and one-half times greater than the peak of federal employment in World War I. The annual payroll of this civilian bureaucracy is over $8 billion-- this is about twice as much as the total cost of all operations of the government in the year 1932, including the Army and Navy.

One thing is fortunate, however, for those at home: namely, that there will be fewer questionnaires to answer, and fewer unreasonable burdens upon the citizens of the country. Congress has now passed a law requiring that no questionnaire can be sent out by any agent of the government without first obtaining the approval of the Bureau of the Budget.

There was very little grain news over the week-end, but reports, including the official, pertaining to crops are mostly optimistic; WFA in its weekly review says that there has been considerable beneficial precipitation throughout the winter wheat belt; in the Ohio Valley this week's precipitation, plus preceding falls, has substantially improved the outlook, with moisture now generally ample for current needs. Also, in the western belt precipitation near the close of the week was helpful, especially in the western third of Kansas, although subsoil in that area is still very dry, and the general condition of wheat very poor to poor in many localities. There seems to be no indication of material winter killing, and considering the drought last fall, much of this has been corrected. There was also snow over portions of the Northwest, in Iowa, and eastern Nebraska over the week-end, while the Central States experienced moisture mostly in the form of rain. There will be a cold wave Tuesday and Wednesday in most areas, but much of the ground has had snow protection.

It still looks as though navigation on the lakes would open earlier than usual; detailed reports from the Department of Commerce on depth of ice show that the thickness in many localities is only one-quarter as great as last year. In fact, in the St. Mary's river, this has been the mildest winter since 1931-32, and open water has been quite common between the two Soos. We figure that after navigation opens imports from Canada should materially enlarge, particularly if we give some help to our northern neighbor in getting grain from the farms to points of shipment.

Primary receipts were 3,209,000 bu compared with 3,357,000 bu last week, and 2,336,000 bu last year. When the visible supply of wheat was posted, it showed another increase amounting to 1,142,000 bu. There is now 102 million bu wheat in all positions, or about 72 million bu less than last year. Chicago stocks increased 573,000 bu to a total of 5,172,000 bu. In addition, there is 2 1/2 million bu bonded wheat here. Influenced by satisfactory weather and lower prices for rye, our wheat market sagged, with final prices showing a decline of 3/8 to 3/4¢ a bu since Saturday.

Rye was under liquidating pressure at times, but this is natural, with an open interest of 48 million bu compared with less than 34 million bu in wheat. The visible supply of rye increased about 105,000 bu, or about the same as the increase here in Chicago. This shows that normal usage is extremely small.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. March 7, 1944.

With the tremendous feeding program, it is essential that a high rate of production should be maintained, not only for this country, but for Canada as well, since we are taking large quantities of wheat from our Northern neighbor, and in fact, we attribute two successive increases in the visible supply largely to imports from that country. The 1944 wheat objective for Canada was announced early in December, and unless some upward revision is made, we must assume that there will be 17.5 million acres seeded, or the same as last year. This was the smallest acreage since 1917, and is a very sharp reduction from the ten-year average, (1933-42,) which amounted to 25 million acres. It may be that Canada is not fully conscious of the large quantities needed by the United States, but on the other hand she has her own problems to consider, chiefly the limitation of transportation. However, supplies were reported adequate to meet the highest possible demands for the next two years, and though wheat generally requires less labor than do other crops, we doubt whether there will be much expansion. Then, too, fall moisture in Canada was significantly below average, and timely rains will be needed to attain best results. As for our own spring wheat crop, it is fair to assume that we shall have an acreage increase of about 15%. If this promise finds fulfillment, our total acreage will be brought up to the national goal of 67 million acres, including slightly over 47 million acres, which is the estimate for the sown winter wheat area. Thus, under normal conditions, the spring wheat crop should total 230 million bu, and with some improvement in the winter wheat prospects, total yields of 800 million bu are to be expected.

This in itself with a carryover of approximately 300 million bu would give us more than enough under ordinary conditions, but as long as the government does not relax its demands for feed, we shall also have to look more closely than ever to the prospects for the corn crop and that of other feed grains later in the season. At the present time, the weekly figures on hog slaughter show that animals are being reduced, with 534,000 more killed this past week than a year ago, and the increase the previous week over the previous year was a similar one. Nevertheless, it takes time for these adjustments, and the supply of feed grains per grain consuming animal unit was about one-fifth smaller on January 1st this year than last, as a result of the record numbers of livestock on hand. The government figures that while livestock numbers may be reduced to some extent during 1944, the demand for feeds probably will continue to exceed the 1943 demand at least until summer. The receipts of corn at primary markets ran 21% under the previous year during the months of October, November, and December, but in January, the situation was reversed, and terminal markets received 20% more than they did a year ago, and this continued for the first two weeks in February. However, we are afraid that the combination of inclement weather and bad transportation, together with a holding tendency, is now keeping corn back on the farms, with the result that our visible supply stocks are decreasing. Furthermore, demands for Lend-Lease may take some grain from marketing centers, where it is already badly needed for industries.

Primary receipts amounted to 2,442,000 bu compared with 2,339,000 bu last week, and 2,209,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 208,000 bu.

There was a little better sentiment in grains right from the start. Apparently liquidation had run its course yesterday, and it took just a few buying orders to bring about rallies, with the result that at the last the various wheat futures were up 3/8 to 1/2¢ per bu. We doubt whether the trade was heavier than yesterday, when only about 2 1/2 million bu was transacted in the pit, and outside speculation is almost completely lacking.

Rye was never very weak, even though the carry-over feeling from yesterday was bearish. Prices advanced, and there continues to be confidence on part of the large holders that this cereal may be needed for alcohol. We hear nothing definite, although government experiments using German patents have successfully produced alcohol from wood waste, and the experts say that a dry ton of this material, now valued at about $5, will produce 60 gallons of alcohol.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. March 8, 1944.

There are many reasons for supporting price controls during war, although probably the most common requirement mentioned is that in practice it is an inflation preventative. Beyond that, of course, it also simplifies post-war adjustments, because when prices get out of line, as they did during World War 1, farmers often buy high-priced land, high-priced tractors, and machinery (if it is available) and thus they find that in the subsequent period of declining prices it is difficult to get a decent return on their investment, plus the fact that they become dissatisfied in not being able to obtain the same pric to which they had grown accustomed. In trying to carry out price control measures, it is, of course, essential that related articles are kept on the same plane, and this we believe is being demonstrated with the experience now obtaining in corn, where prices do not fully reflect values which can be realized through feeding operations. The movement of corn to market has dropped to disappointing proportions, and many producers who have corn will continue to feed the grain, owing to the fact that they find this more profitable than to sell the corn in the open market. Furthermore there is a great deal of corn still too wet for safe elevator storage, and this, too, is causing the government to proceed cautiously in the direction of building up a stockpile.

We were interested to note the recent debate in the House of Commons in Britain on agricultural affairs. Mr. Hudson, Minister of Agriculture, produced some figures showing that farmers had been treated pretty fairly. Since the war, the gross income of producers has been increased by about $960 million, while there was a rise of only $366 million in cost of production. Issue was made of the fact that in many cases farmers before the war were underpaid, but in rebuttal it was argued that there are always difficulties in exercising a uniform control of agriculture when there are so many variabilities. In other words, one farmer is efficient, while his neighborn is careless; also, adjoining farms may not enjoy the same soil fertility. Then there are tenancy agreements, size of capital, or state of indebtedness, not to speak of individual skill, or even a difference in climatic conditions in one part of the country as compared with another. Consequently, it was claimed that no uniform control could be exercised which would give satisfaction to every farmer. It was recognized that a magnificent job had been done, and that because of the elegant results, the demand for overseas imports had been materially lessened. However, it was shown that during the war everyone was called upon to make a special effort either in his own sphere or in a sphere foreign to him. Some were paid more than in peacetime, and others less, often risking their lives where the remuneration was small. It seems that farmers, taking advantage of their privileged wartime status, were pressing the government for a long-term agricultural policy, and wanted certain guarantees of protection of assured prices and markets in the peace which was to follow. The government, however, refused to be hurried into any action at this time. They stated that there were thousands of men formerly remuneratively employed now in the armed forces, who also had the right to expect that their jobs would be kept open for them, so that they could earn a livelihood when hostilities had ended. Could they justify a policy of permitting farmers to grow food at double the previous cost before these men were cared for? Furthermore, how could Britain practice protection at home and push free trade abroad?

Primary receipts were smaller at 1,487,000 bu compared with 1,937,000 bu last week, and 1,633,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 263,000 bu.

There was very little feature to the market, and hedging operations were again inconspicuous. Flour business is very dull, and there seems to be no immediate issue. The government weekly weather and crop report stated that the winter wheat outlook showed progressive, and in many cases substantial, improvement. Precipitation, of course, has been a very important factor. With the weakness in rye, final prices showed declines of 1/8 to 1/2¢ per bu.

Rye was under liquidating pressure, which started when local operators took the initiative, but there was also commission-house selling, and outside of a small amount of cash rye at Minneapolis, which it was claimed had been sold to a distiller, we find no improvement in the general demand.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. March 9, 1944

Under the loan program, farmers had only until December 31st to avail themselves of this privilege, but each week we get new figures of the quantity which was impounded owing to the fact that there is a certain lag in compiling statistical data. The last report, which was issued yesterday, showed 129.6 million bu on which farmers had borrowed, and this compared with 405 million bu a year ago. It is very apparent that the price has a definite relationship on these operations. In other words, with market values attractive more grain came into commercial channels, and less into the loan. This has been demonstrated by the fact that redemptions have amounted to 72.7 million bu, which means that at the present time there remains only 57 million bu frozen, and we dare say that defaults will be next to nothing. So in computing our carryover, we shall have to figure that practically all of the 1943 wheat will be in free hands. It is also fair to assume that even though parities next year will be 10 to 12¢ higher than for the current season, if market prices are maintained the same conditions will again prevail. Thus, if the CCC wants wheat, it will then have to go into the open market and buy it, or will have to depend upon imports from Canada to carry out the feeding program.

It is very fortunate, indeed, that there are not only sufficient boats to bring down the precious ore to the steel mills, but also a sufficient number are in operation to tentatively carry 285 million bu of grain in the 1944 navigation season. This will approximately be 100 million bu more than was transported last year, and since shipping arrangements have been framed in consultation in the Office of Defense Transportation, WFA, and CCC, it looks very encouraging.

In checking over Canadian supplies and shipments, we would like to offer here a correction on exports, owing to the fact that they are not officially posted each week as in peacetime, and we have had to make estimates based on official figures of disappearance in conjunction with what we term "normal usage at home." This, however, has not been entirely accurate, probably because domestic consumption in Canada has exceeded one million bu per week, which was the figure we had used. The indicated disappearance since August 1st is 229 million bu. We have assumed that 30 million bu of this was in domestic distribution, which would have left exports at 199 million bu. However, we now have more accurate data, showing that 135 million bu of wheat and flour was exported from August 1st to January 31st; Sanford Evans estimates exports since that time at 37 1/2 million bu, which would make total clearances of 172 million bu. On this basis, there is still plenty for us to import if the grain satisfactorily can be brought to the head of the lakes, from which point lake navigation should easily do the balance. Up to the present time we have already imported 112 million bu wheat from Canada, 27 million bu of oats, and 16 million bu of barley, or a total of 155 million bu of grain. This may not all be for our own purposes, as some of the wheat may be re-exported to Europe, but in the main we feel that it has been shipped here for domestic feeding operations.

Primary wheat receipts of 1,925,000 bu compared favorably with 1,829,000 bu last week, and 1,649,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 291,000 bu.

Before our market opened, Russell News Agency stated that there had been some trade reports late yesterday that an order was being printed in Washington calling for use of 10% rye in the alcohol program. This gave us firm markets for a time, although later the Chemical Division of the WPB flatly denied any intention. It seems that while there is a persistent demand for alcohol, it is not considered feasible to use rye since this crop is so small in comparison with other grains. Final wheat prices were little changed from the previous session, and fluctuations were within an extremely small range.

There is still no change in the feeding situation, which remains firm. In 1942, Illinois farmers sold 188 million bu of their corn, or 43% of what was raised; Iowa sold 181 million bu, or 30% of the crop; the total for all States was 21%. In 1941, Illinois farmers sold 185 million bu, or 45%, while Iowa farmers sold 153 million bu, or 33%. At the present time the movement is meager, and because of the inability of accumulating stocks at terminal markets, industrial users are suffering, with one large plant threatening to close shortly unless relief is afforded; likewise, it is causing heavier consumption of substitutes.

UHLMANN GRAIN CO.

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CHICAGO 4,Ill.

March 10, 1944.

After the close of the market yesterday, the Oklahoma State report was published, and the indicated wheat production was 60 million bu, showing an improvement in condition since December, when only 46 million bu had been forecast. Should a crop of this size be harvested, it would compare with 31 million bu for the current season, and 57 million bu the year earlier. It does tend to show, however, what this fine moisture has done, and very likely when Texas reports we shall also find a proportionate increase for that State, and probably also for other southwestern districts. As a matter of fact, we have several of the State reports before us now, and without trying to go too much into detail, we might add that Nebraska experienced a heavy snowfall in the southeastern portions, moderate amounts in the Southwest and mostly light elsewhere. While wheat looks poorer in Nebraska than in other sections, the moisture has at least improved soil for seeding of oats and barley. In Kansas, the condition of winter wheat continues to improve over the State, and rain and snow have added to the supply of soil moisture. The weekly resume also calls attention to an ample supply of topsoil moisture, although a few scattered areas report a deficiency of subsoil moisture. In any event, considering the poor outlook last fall, it is very gratifying to note the improvement, which is quite general.

From a market standpoint, this is not having very much effect, and we believe that much of the firmness stems from the disappointing relationship between corn prices and the values of animals. The ratio at Chicago between corn and hogs now stands at 11.7, which has not varied a great deal in recent weeks, but it compares with 15.3 for the same period a year ago. There was a fair movement of corn to terminal markets earlier in the season, but at the present time bookings are next to nothing, and we understand that recently when Lend-Lease was attempting to fulfill some of their requirements, they had to come to Chicago elevators for help, as so little is being offered at country points. Just how this question will finally be settled is difficult to tell. The government last year was able to help itself by promising farmers that if any advance in the ceilings were to occur, they would pay them the difference between existing prices, and any possible increase. But now that there is apparently a determination not to raise ceilings, there seems to be greater incentive for farmers to feed, and we understand that one large industrial plant may be threatened with a closedown unless relief is afforded very shortly.

In view of the fact that subsidies in this country were patterned somewhat on the British method, we think it might be interesting to say something on that subject. The Financial Secretary to the British Treasury stated that the cost of subsidizing food for the year amounted to about $830 million. In this connection, it must be considered that the British population is about one-third as large as ours, but on the other hand when it comes to foods and agricultural produce, a fairly large portion is imported; therefore, with the high freights and the increased costs of production in other countries, there was naturally a great clamor on part of housewives to keep food costs down. In addition to paying subsidies on such articles as bread, flour, oatmeal, and meat, they also extended the program to cover potatoes and eggs, although in the latter case a different payment applied on the domestic supplies, as contrasted with those which had to be imported. They also paid subsidies on sugar, milk, cheese, bacon, and some minor items, such as rice, canned fish, etc. This sum also included approximately $80 million to provide for cheap, and in some cases free, milk under the rationed milk scheme in schools.

Primary receipts of wheat were 2,068,000 bu compared with 2,121,000 bu last week, and 1,781,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 224,000 bu. When the visible is posted Monday it will compare with a decrease last ye of 174,000 bu.

Markets were all firm, rye and oats assuming leadership. There was talk that a higher parity computation was being considered in Washington, to include labor costs. Whether Congress would look favorably upon such a change at a time when inflation is a danger, we do know. There was short covering and buying in all the pits. Wheat prices were 3/8 to 5/8¢ per bu higher.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. March 13, 1944.

While we are presently operating on war time, it is well to remember that sixty years ago today Standard Time was established in the United States, and during all that period we were for the most part operating on the solar basis. Now that we approach the Ides of March, we can figure that the winter is pretty well behind us, although some extreme temperatures often prevail during the latter half of the month. As yet there is no evidence of material winter killing anywhere. The winter wheat outlook shows progressive, and in many cases substantial, improvement. Even in many sections where the moisture came late, it benefited the plant, and it has already begun to help pastures and ranges, as well as to improve prospects for the spring-sown crops. There was fairly good moisture again over the week-end in the Central States, and there were some isolated rains in parts of the Southwest, with the forecast for more to come. Under the circumstances, we are extremely fortunate, as the outlook last Fall was quite discouraging, and we surely need heavy production this summer in view of the incessant demand for feed grains.

It has often been stated that 85% of the corn never leaves the county in which it is grown. This, however, must be analyzed more closely to be fully understood. Not all farmers who raise corn are feeders. Consequently, in a State like Illinois, which is very important in the production of corn, about 40% of the crop is actually sold. This does not necessarily mean that it all comes to terminal markets, but it does move from certain farms, and often is sold to adjacent buyers who may not necessarily raise sufficient quantities for their own needs. In this way, the price factor is very important. With the added incentive to feed livestock where the return is greater, there has been a decided tendency to keep corn back on the farm. This is causing great concern everywhere. Recently the government decided to set reserves aside to take care of urgent needs. This does not mean that stocks will be commandeered on the farm, but various agencies will take possession of the corn at country points in an effort to build up a stockpile. With all this tightness, the demand for feedgrains generally has been acute, and it is difficult to buy cash barley or cash oats, even though large crops were raised last summer.

Some even believe that it will increase the demand for rye as a feed. In the past few days some of the rye which had been brought in from Canada under the 90-day "free of duty period" was declared as feed rye, but we believe this was done to avoid tax payment at this time; owing to the fact that Representative Reed, of New York, on March 8th, introduced a bill to extend this period for an additional 90 days; thus the holders may have further time, if such legislation is passed, to determine whether the rye is to be used for animal purposes or for our domestic consumption. Senator McCarran, of Nevada, is predicting that WPB will authorize a holiday in order that liquor resumption will wipe out some of the bootlegging operations. The trade construed this a little bullish at a time when corn was already difficult to purchase, figuring that rye whiskey might be manufactured, and thus reduce our stocks of grain to some extent. In ordinary times, we consume 9 to 10 million bu of rye per year for the manufacture of rye whiskey, but it is doubtful whether that large a quantity will be permitted when the alcohol program for warfare is already so important, and said to be somewhat behind schedule.

Primary receipts of 3,111,000 bu compared with 3,209,000 bu last week, and 3,127,000 bu last year. The visible supply of wheat increased 2,701,000 bu, making total stocks in all positions 104 3/4 million bu, or 69 million bu smaller than the amount on hand last year. Chicago stocks increased 751,000 bu, partly at the expense of bonded supplies, which were reduced; the total now is close to 6 million bu.

Kansas has had frequent and ample precipitation during February, which added to January's heavy snow, gave the State a moisture fall for a two-month period exceeded only nine times in fifty-five years. Over the wheat-growing western third of the State more moisture fell in the two months than in the two opening months of any year except 1903 since State-wide records have been kept. Neither war developments nor weather is having much influence and final wheat prices were little changed.

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CHICAGO 4, Ill.

March 14, 1944.

We have had many problems to conquer since our entry into the war, and not the least of our worries was the production of sufficient quantities of fats and oils after imports from the Far East were cut off. While it is true that we have been asked to make slight sacrifices in the consumption of butter, and to give up kitchen fats as they accumulate, nobody can really claim that the waistline has been much reduced because of these changes. The total output of fats and oils from domestic materials was about 10,870 million pounds last year, or 9% more than in 1942. There was a small increase in the production of animal fats, but the greatest increase came from vegetable oils, which rose approximately 15%. At the same time our disappearance last year totaled 10.2 billion pounds compared with 10.3 billion the year before, with the result that stocks on hand January 1, 1944, were about 100 million pounds greater than a year earlier, and it is encouraging to know that some increases in imports are to be expected in 1944. Also the Department of Agriculture is hopeful that our domestic production from various materials will increase approximately 3%.

For many months traders have been hopeful that our rye supplies would go into consumption on a heavier scale, and apparently the War Production Board is trying to relieve the drain on our wheat stocks, as well as those of milo-maize, and probably other products, which are presently being used for industrial alcohol. To accomplish this, they have ordered two of the nation's industrial plants to start operations at once, using 20% rye grits for experimental purposes. The two plants in the East are the Old White Distillery in Hartford County, Maryland, owned by Hiram Walker, and the U. S. Industrial alcohol plant at Yonkers, New York. Together they will consume approximately 1,000 bu a day, and for the sixty-day experimental purpose should grind only about 60,000 bu. This in itself is only a "drop in the bucket," particularly when we look at the rye supplies in the country, with particular reference to the 12 million bu stored here in Chicago. Furthermore, we could probably import an additional 5 to 10 million bu from Canada after opening of navigation if necessity arose. There must be some disappointment in certain quarters that the amounts for immediate rye consumption were not greater. One large industry, which has amassed considerable rye in Chicago by taking delivery at various times, could probably supply enough if it elected to sell, to take care of an extensive program for possibly eight months to a year. We are not large consumers of rye in ordinary times --probably not more than 10 million bu is ground for flour, and not over 9 to 10 million bu in peacetime is used for rye whiskey; the balance is needed for seed, feed, or is exported.

When our market opened this morning, most rye futures were slightly lower, and it now appears that probably nothing important will develop until about May 15th, when the experiments have been completed. This will take us nearly into the next crop, so that any hopes for a large immediate disappearance have been squashed. There is, of course, the possibility that when the war is over, the Scandinavian countries will come into the market for their requirements, but so long as Argentine rye is offered at about 55¢ FOB, Buenos Aires, with the recent yield of about 38 million bu, their grain will sell competitively faster than ours. Also, Canadian rye should move first into exporting channels.

Primary receipts of 2,360,000 bu compare with 2,442,000 bu last week, and 1,551,000 bu last year. Kansas City and Minneapolis stocks increased 263,000 bu so far this week.

Trade was again very moderate, especially in wheat. This cereal was influenced by lower prices for rye, and a few hedges which came into the September delivery. At the last values were about 3/8 to 3/4¢ per bu lower. There was again wonderful moisture reported.

Rye longs seemed less confident. Nobody can be sure to what extent this cereal will prove satisfactory to distillers. Claims thus far made were to the effect that use of rye would cut the total alcohol yield, and therefore would not justify the WPB decision to push its use generally.

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CHICAGO 4, Ill. March 15, 1944.

The strength in the grain markets is due largely to the tight situation in feed grains. Unfortunately, there was no building up of corn stocks during the period of fairly good movement, and now that the bookings from the country are very meager, it is difficult for many of the commercial interests to get sufficient supplies to carry on war activities. This slow flow of corn through the regular marketing channels has placed some plants in the dangerous position of almost being forced to close down completely. In order to avoid drastic action, the WFA has studied various methods, and in an effort not to do anything hasty has deliberated over the 25% "set aside" plan, so that a reserve might be built up from which the processors could draw later on in the season when the corn may be even more tightly held than at present. The government officials have expressed belief that this plan rather than outright requisitioning would be desirable, but it is very doubtful, in our opinion, whether the situation can be helped much unless farmers actually market their grain on a larger scale. In other words, the real users of corn are hardly getting enough at the present time. If 25% of the country receipts are withheld from usage for the time being, it would make the situation more acute, and we believe, therefore, that the WFA will be compelled to distribute the corn almost as quickly as it is accumulated The weather has turned wet again, and this is not particularly favorable for shelling and hauling, and since the demand for corn shows no abatement, we feel that there will be considerable difficulty in working out a solution.

Tight as the corn picture appears to be, the one in oats is even more serious. The demand for cash is fully maintained, and there are very few oats offered, either in this market or in other sections of the country. Last week, the few cars which arrived here had all been sold ahead of time, and the primary movement during the week was about 1 1/4 million bu, or a decrease of nearly half a million bu from the previous week. Shipments exceeded the receipts, and the disappearance during the first six months of the crop-year was the largest in recent times. If the consumption should continue at the present rate, stocks at the end of the season will be reduced to about the lowest levels since the drought years of 1934-35 and 1936-37. Likewise, there has been an active demand for all types of barley, but feed barley is not being offered except an occasional car here and there. This shows the great necessity of importing from Canada, although stocks at Fort William and Port Arthur are not very large. There is at the present time nearly 9 million bu barley located at those ports, and less than 8 million bu oats. When navigation opens, we shall doubtless draw upon those supplies. During the week, wheat stocks improved to the extent of 4 1/2 million bu, and there are now 35 1/4 million bu stored at the head of the lakes.

Overnight weather was highly satisfactory. The moisture was heavier than had been forecast. Not only were the Central States visited, but there were many good rains, the southwestern parts of Oklahoma receiving as much as one inch; and a high of over 2 inches at Topeka, Kansas. The trade, however, paid very little attention to weather, nor did it heed news from the Balkans, with Rumania having come out with rather workable peace terms, which is significant, inasmuch as the Balkans were the forerunner of peace in World War 1.

Primary receipts were quite good today, and amounted to 2,051,000 bu compared with 1,487,000 bu last week, and 629,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 313,000 bu.

Trade was again rather inactive, but prices for the most part were very firm, and there is very little pressure from any source. Even in the Northwest, where receipts have been quite heavy, a good deal of the arrivals are applied on previous sales. With the strength in rye, wheat advanced fractionally, and last prices were about 3/8 to 5/8¢ per bu higher.

Oats were quite strong, and there was some buying of the deferred months. These rains should put pastures in good shape, but the demand for all feeds still remains urgent.

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141 W. JACKSON BLVD.
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CHICAGO MERCANTILE EX.

March 16, 1944.

There is not a great deal of wheat news from day to day, although moisture conditions are extremely favorable, and while there may be some delay in plowing and planting of spring grains, the wheat plant has shown considerable improvement, which we believe will be reflected in subsequent government reports. Extensive and heavy rains again overnight should bring even greater comfort to farmers. On January 1, 1944, there was 810 million bu wheat on hand. This compares with the prewar average (1935-39) of 482 million bu. However, the trade is looking at the all-time record last year of 1,158 million bu, and also, the heavy disappearance owing to the tremendous feeding. It is now considered likely that we shall consume about 270 million bu during the next six months of the crop-year for humans, or the same as during the last half of 1943. However, the amount used for feed will be considerably less and may amount to between 160 to 185 million bu instead of the estimated 290 million bu used in the previous six-month period. Therefore, with exports to help out, and with some grain being redeemed each week from the loan stock, there is no immediate shortage in sight.

The real concern comes from feed grains, and while we have had a record slaughter of meat animals in 1943, we feel that higher hog prices will probably put an end to the heavy marketings, and possibly there will be more incentive now to feed. The hog market today was fairly active --10 to 15¢ higher for all weights and a top of $14.40 was paid, which is considerably better than the prevailing price a month ago. There have been meetings held in Chicago recently, and we understand that it is not altogether impossible that OPA will finally sanction a higher corn ceiling in order to relieve the strain on oats and barley. Possibly because of this factor, grain prices were a little higher this morning on the theory that the structure to "hold the line" might be caving in just slightly. On the other hand, food prices in general keep pretty well checked, owing to the fact that the civilian supply situation for the next few months at least appears to be more favorable than for the same period last year; and there have been seasonal increases in the production of eggs , citrus fruits, winter truck crops, meat, butter, and lard, together with relatively large stocks of the last three items which are rationed. Another factor in today's market which caused a little more bullish interest was an announcement from Washington that more distillers might be directed to use rye in the production of industrial alcohol. There has been no definite statement, but it is thought possible that the amounts of rye flour in the grind might range from 10 to 20% in these experimental tests, but would vary according to individual plants. These moves have apparently been initiated on the recommendation of WFA, and for some time they have formally "set aside" 10 million bu of rye in their calculations, which after all is no more than we used to use in peacetime for the manufacture of rye whiskey. It is quite obvious, therefore, that with rye stocks on January 1st amounting to 37 million bu, which was almost as much as the average sized crop which we produced over a series of many years, there can be no great shortage of this cereal. The 8 million bu generally required for seed has mostly been taken out of these calculations since a great deal of the rye is planted in the fall. However, there has been a very bullish sentiment for sometime, and it was heightened to some extent today when this news became generally known.

Primary wheat receipts were smaller, at 1,675,000 bu compared with 1,925,000 bu last week, and 1,498,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 183,000 b

There was a fairly good undertone to the markets, and at one time May oats sold within 1/8¢ of the ceiling price. However, there does not appear to be any big short interest in grains, and even in rye the support seemed to come mostly from investment buyers. Final wheat prices showed an advance of 3/8 to 5/8¢ per bu. Minneapolis May wheat was relatively stronger than we were, and the trading difference at one time was 8¢ compared to more than 10¢ per bu within the past few weeks.

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CHICAGO MERCANTILE EX.

March 17, 1944.

To show how important the need for corn is in supplying essential war industries, there was a joint letter written by the Under-Secretaries of War and Navy to WFA, emphasizing that an ample supply was necessary for processors. It also urged prospective steps to prevent a market shortage, and we believe that this is one of the paramount factors in the grain situation at this time. It all goes back to the fundamental laws of supply and demand, which have been laid aside for the time being when hogs were supported at a high figure and ceilings placed on corn in order to encourage heavier feeding. The function of any market is to fix a price which will co-ordinate production and consumption. Such a price is sometimes called an "equilibruim price," or a "fair price." It takes into consideration not merely supply, with its underlying cost of production, but also demand, which cannot be ignored in price matters. In the end, it is always the consumer who has the power of directing ultimate production. A price that is too low does not maintain production, and a price which is too high does not maintain consumption. We believe that these laws are as old as civilization itself; they cannot be ignored without having a major catastrophe. There have been meetings in Chicago and the discussions have apparently covered every phase of the problem, but unless the farmer can be induced to sell on a heavier scale, (which could be done by a higher price incentive) we are fearful that it may finally be necessary to commandeer supplies.

When our market opened, there was not quite the bullish support which has been apparent on so many previous occasions. Four of the major distillers have been ordered by WPB to experiment with rye in the manufacture of alcohol, but in these tests it is figured that only 85,000 bu of granular rye flour will be needed each month, and this is a very small quantity in relation to our supplies. Furthermore, it cannot be stated definitely at this time whether the experiments will lead to more extensive use, or whether it will be found that rye is less efficient than other grains, which has been the stand taken by many of the distillers when the question previously arose. In any case, it means that for the immediate future only dribbling quantities of rye will be needed, and we believe this is somewhat disappointing to those who had built their hopes on a much larger consumption.

In wheat, there is little change in statistics, but if peace were to come more quickly than some now assume, it is well to look at exportable surpluses in other countries. An official estimate places the reserve stock in Argentine at 260 1/2 million bu, which is some 20 million bu smaller than private reports. Australia, despite a small crop, has about 192 million bu surplus after allowing for larger quantities needed at home. Thus, these Southern Hemisphere countries have more than 450 million bu to take care of European requirements, which is more than world shipments amounted to for the average of the past three years compared with 600 million bu in the season, 1938-39, and 512 million bu in 1937-38. Then, of course, there is Canada, which should have a reserve stock of at least 400 million bu at the end of the crop-year and the North American harvest to follow.

Primary receipts of wheat were quite good, and amounted to 2,133,000 bu compared with 2,068,000 bu last week, and 1,152,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 153,000 bu. When the visible supply is posted Monday it will compare with the negligible decrease last year of only 67,000 bu. To-date there has been 157 million bu of wheat, oats, and barley shipped from Canada to this country.

Longs were a little more on the defensive today. There was an item on the broadtape that a large food corporation had acquired several million bu of cash rye, which was being held in elevators as an insurance against price fluctuations, but for the present would not be used by the company for manufacturing purposes. This may have had something to do with rye liquidation on the assumption that most people or concerns who do not use a commodity finally sell it out. With rye leading the decline other grains were slightly reactionary, but trade was still on a comparatively light basis.

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CHICAGO 4, Ill.

March 20, 1944.

For almost a year there has been an active trade in rye, despite the fact that the actual demand for cash grain was slow. Fewer restrictions than in other cereals, coupled with the possibility of a larger demand for feed or for industrial alcohol, had considerable public appeal. General Foods Corporation now admits that it holds more than 5 million bu of rye, which was bought as a hedge, While claiming not to be primary users of rye, they apparently wanted it as a price protection. Just to what extent this was necessary we are at a loss to understand, because most of the commodities, like corn, which they use, have been protected by ceilings, but, nevertheless, it is a fact that having acquired such large holdings of cash rye, it is costing the company at least $850,000 per year for storage, insurance, and interest, and if the quantities are larger, as we suspect, it might be even more expensive. It is, indeed, fortunate that, despite a crop of only about 30 million bu, of which their holdings constitute a large proportion, the actual demand has been poor. It was only on occasions that they may have contributed to a little tightness in the nearby months, although never in a pronounced way, nor for a prolonged period. As a matter of fact, the comparative strength enabled importations from Canada, so that considerable quantities of rye were shipped to Chicago, and thus, there was always more than enough to go around. However, transportation facilities might have been used to bring other more necessary grains to this country, and possibly hedgers in wheat would have used the Chicago market to a larger extent had there not been such a shortage of elevator space here. We figure there is only about 25 million bu of public elevator room, allowing for some shifting of stocks, and with the big quantities of rye which have accumulated at Chicago, there were many occasions when Minneapolis and Kansas City wheat futures sold at more than a shipping difference under Chicago, because it was feared that hedgers might not be able to find space here if the grain had to be delivered.

Generally speaking, crop prospects are satisfactory, and there was againpretty general moisture over the week-end, but we understand that the growth of winter wheat in southern parts of the belt has been checked by relatively low temperatures. After the close of the market today, we shall have a government report, but it deals mainly with farmers' intentions to plant spring wheat, oats, barley, corn and soybeans. In the meantime, the demand for corn from all sources is far beyond the available supplies, and the movement from the country has been restricted owing to recent wet weather, as well as desire on part of farmers to feed more heavily, and, therefore, to sell a smaller portion of their supplies. The result is that some of the large industries even in local territories are faced with a shutdown of activity, and it is observed that stocks in cribs in some sections of Iowa are pretty well depleted. This is having its effect upon other feed grains, and in oats the offerings from the country are extremely light, despite the fact that recent rains have helped the pasture situation considerably.

Primary receipts were 2,784,000 bu compared with 3,111,000 bu last week and 2,505,000 bu last year. When the visible supply of wheat was posted, it showed an increase of nearly 3 million bu, probably helped again by Canadian imports. Total stocks in all positions amount to 107,670,000 bu, or practically 66 million bu less than a year ago. Chicago wheat stocks increased 2,622,000 bu, or a little more than the decrease in bonded supplies. There is now about 8 1/2 million bu in the local domestic supply. Chicago stocks of domestic rye increased 310,000 bu, making the total here 10 1/4 million bu, and besides this, there is also 2 1/4 million bu of bonded rye.

Despite some early selling in rye, markets had a very good undertone, and May wheat sold at the highest price in some time; in fact, only 5/8¢ per bu from the ceiling. This, together with the strength in May oats, which likewise was only fractionally beneath the maximum level, and the inability to get corn, all had a contributing influence, with the result that rye futures recovered from the early break, and wheat prices were finally 1/2 to 5/8¢ per bu higher.

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CHICAGO MERCANTILE EX.

March21, 1944.

It is difficult to overestimate the growth of the feeding industry in this country, and according to figures recently published by our Agricultural Department, the commercial mixed feed production for 1943 is indicated to be in the neighborhood of 29 million tons, To give an idea of the amazing growth and volume of sales of the various products going into such feeds, comparison is made with 1942, when the production was 20 million tons, and for 1941 only 15 million tons. One naturally would presume that a good deal of the feeding would take place in the areas where crops are grown, but this is not at all true, and Delaware and Maryland, for instance, used about as much or more mixed feed as Oklahoma and Texas. The Appalachian States as a group used about as much mixed feed as the New England States, or as the entire South, excluding Texas and Oklahoma. The corn belt States used only 17% of all the mixed feed that was manufactured by large mixers, and the State of Ohio uses only one ton out of every four which it manufactures. Putting it in another way, the seventeen western States, including Texas and Oklahoma, used less than 20% of the commercial feed manufactured by large industries in the United States. We mention this data in great detail for the reason that it is the strength in feed grains right now which seems to dominate the entire grain situation. Had it not been for the large quantities of wheat which has been fed to animals, we doubt whether ceiling levels would have been reached, and if we had not imported such large quantities from Canada, the over-all situation would have been ever so much more acute.

As it is the goals which the government asked for at a series of meetings in October and November were mostly in line with the increased demand, but they were established by the State agricultural leaders and various farmers' organizations to make sure that they could reasonably be met. In corn, for instance, the 1944 goal was for slightly over 100 million acres, or 103% of 1943. Oats, strangely enough, had been cut to 92%; barley maintained at 100%, and sorghums cut to 97%, possibly taking into account that with the shortage of farm labor and the difficulty of getting new machinery, very large increases could hardly be expected.

The government report issued yesterday after the close was pretty optimistic in view of these figures. The farmers' intention to plant corn is slightly below the goal, but in oats it looks as though 4 million more acres would be sown; a reduction of 2 1/2 million acres in barley, but approximately the same acreage devoted to soybeans; in wheat, a rather substantial increase in the Northwest, with slightly less than 20 million acres to be seeded, bringing the total to about 67 million acres, which had been the program. This government report had very little influence on the market, but with Kansas City wheat reaching the ceiling and May futures at Minneapolis and here not far away, there was a little more bullish sentiment all around, which also extended into rye, despite the stories which have been circulating about the big long being willing to sell his holdings if the demand arose.

Primary receipts were 2,360,000 bu; or precisely the same as they were a week ago, and compare with 1,847,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 205,000 bu.

There was a very steady undertone to the market, and wheat futures were supported in a moderate way, but the daily trade is extremely light --yesterday less than 1 1/2 million bu for all four futures. Therefore, little attention is paid to this cereal, particularly as the open interest is declining and now stands at less than 34 million bu.

There was a reasonably good trade in rye, and the nearby position is still at a premium over the July, with an open interest of close to 20 million bu. We would not be surprised if a good part of this comprised spreading operations between other delivery months, and probably under the leadership of one large long others may feel that deliveries will be well taken. The result is that the bulk of trade still centers in the May future. There still is no apparent improvement in the demand for the cash article.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COCOA EXCHANGE
EW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. March 22, 1944.

The geographical location of Chicago made this city the greatest grain market in the world. We have here the greatest railroad center, and are also fortunate in being situated at the foot of Lake Michigan, where water transportation is possible to many important centers. It was due to natural economic evolution that here great grain warehouses were built, and that here should grow up the world's greatest cash grain market. However, with the settling of the agricultural empire adjacent to Chicago, there have also grown numerous and powerful competing markets. Furthermore, hundreds of mills have been erected in the wheat centers, making it less necessary for the grain first to be shipped to Chicago. We find that the primacy in wheat, barley, rye, and oats has passed to Minneapolis; only the primacy in corn remains here, and the receipts are more than double that of our nearest rival. Whenever discussing grain markets of the United States, one has in mind Chicago, because it is still the greatest hedging center of the world, but we find that in 1942, Minneapolis headed the list, and received more than 138 million bu of wheat; Kansas City was second, handling 74 million bu, with Duluth third, claiming 59 million bu; Hutchinson and Wichita taking fourth and fifth place, putting Chicago in the background with wheat receipts of only 20 1/2 million bu. Even Omaha, which is seldom mentioned, was almost as important in volume as we were. The same relative positions also prevailed for the two previous years, and we must assume that with smaller wheat crops being raised in Illinois, this same situation may continue. Strange to say, Chicago in spite of its large population of well over 3 millions, is not a great processor of wheat, and the flour production at Kansas City, Minneapolis, Buffalo, and some other large cities is far greater than our volume here.

Owing to the fact that some of the wheat receipts to Chicago have been diversionary and costly at a time when our markets were temporarily out of line with other centers, it was difficult to find storage capacity here for delivery, as we have only about 25 million bu public, usable space, which is far smaller than either Kansas City or Minneapolis. This has given rise to the question whether multiple deliveries on futures contracts should be entertained to make hedging in Chicago as popular and as safe as in the past. There will likely be discussions "pro and con" in the coming weeks, and, therefore, we have deemed it advisable to give the background of this situation.

The weekly weather and crop report spoke of the generous precipitation over the western wheat belt, completely obliterating the long-standing and persistent fall drought. This has even hindered seeding of oats and other spring grains, but while schedules are somewhat delayed, current reports of wheat improvement overshadow the former. There was wonderful moisture again overnight, and even a sixteen-inch snowfall reported at Denver, which was the heaviest in thirty years. One must, therefore, be prepared for a revision in the winter wheat figures next month, for the reason that the official March Crop Production Report still uses the low condition of 69% of last December. With wheat acreage restrictions removed, and with more than usual emphasis on wheat as a feed grain, the total acreage now is practically up to 67 million, which had been the government goal and represents a 21% increase above last year's seeded acreage, and is the largest since 1938.

Primary receipts of wheat were slightly smaller, at 1,681,000 bu compared with 2,051,000 bu last week, and 1,555,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 163,000 bu.

It was reported during the session that one of the large corn refinery companies had started closing its plant at Kansas City, being unable to operate with the small run of corn which they have been receiving. It was also stated that two other plants have only enough on hand to carry them through next week.

Wheat prices were very little changed. There was more or less firmness, but the trade continued very light.

Rye finally declined fractionally, and the government has approved two projects for alcohol manufacture, although WPB must finally give its consent. It is intended that the Oregon plant will be able to employ wood waste, while the one in Florida will use sweet potatoes. This is the first time that these methods have been employed in this country, and it should relieve somewhat the strain on grain usage.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

March 23, 1944.

According to messages emanating from Washington, agricultural officials are quite seriously concerned over the prospect that domestic grain supplies will not be sufficient to meet the demands imposed upon us for feeding purposes, owing to the fact that animal numbers are still large; even pumper crops have proved insufficient, despite large carryovers from other years. We are afraid that not enough attention was paid to these questions when they were more or less in the theoretical stage. It is naturally more difficult to do something about it at the present time, with almost nine months of the crop season already passed. The figures which we have cited from time to time, all taken from official sources, have shown a tremendous quantity of oats consumed, and it is quite natural that all substitute grains would be in heavy demand, because of the fact that so little corn moved from the country. It is generally true that when farmers do not market corn on a heavy scale during December and January, there is less likelihood of a movement later on, because once it goes into the cribs, it is more or less regarded for farm consumption.

We are already in a very critical situation with respect to commercial corn supplies, and more processing plants are on the verge of closing down. It is claimed that more than two-thirds of the industries' output of starches, syrups, and sugars is of vital importance to our war needs, or for essential civilian uses, and, therefore, this is bound to give growing concern to the country at large. Even those companies which still remain open have had to curtail operations, and in our opinion, there are only two ways to cope with the situation: 1. Raising of the ceiling price, although obviously it would not do as much good now as if it had been done earlier in the season; 2. Commandeering supplies on the farm. The latter would involve great difficulties, and, consequently, we feel that it is probably only a question of time before a better relationship must be established between the price of corn and that of hogs. If more corn were marketed, it would also relieve the strain on substitute feeds, at least to some extent. The fact of the matter is, and we pointed it out a few days ago in one of our letters, a great deal of the feedstuffs is being consumed in the East, where it takes a lot of railroad equipment and locomotive power to haul it. In the Mid-West sections there will be some relief as pastures green up, and, of course, we shall also rely more heavily upon imports from Canada when navigation opens, but in any case, a heavy demand still prevails for ground grains and prices are strong. Even the demand for gluten feed and meal, as well as hominy, is urgent, but producers are able to fill only a small part of the needs.

When our market opened this morning, prices were generally firm, and the War Food Administrator, Mr. Jones, had told the Senate Banking Committee yesterday that on July 1st. carryover stocks of wheat would be reduced to 200 million bu. We have not seen any official figures lower than 275 to 300 million bu, and the trade construed this forecast in a somewhat bullish vein, although we ourselves are at a loss to understand what change has taken place since earlier figures have been compiled. If anything, the demand for alcohol will be on a somewhat diminished basis, with potatoes now being used more extensively, and we hardly imagine that wheat usage for alcohol in the last half of the crop season will be any greater than during the first six months. Mr. Jones also discussed the probable 1944 wheat production, which was recently placed at only 750 million bu, but this estimate is undoubtedly too small as it does not take into account winter wheat improvement since last December.

Statistics did not count for much, but trade was interested to note that a bill to extend for 90-days entry of grains free of duty when used for feed was passed by both House and Senate, as had been expected. However, oats which will be used for human consumption was also included, although will be offset to some extent by the Canadian equalization fee.

Argentine wheat stocks remain very large, and according to Broomhall, after allowing for wheat sold but not shipped, and also that needed at home for welfare purposes, there is enough remaining for almost two years pre-war export demand. Final prices were firm in all grains. This included rye also, particularly the deferred months.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 24, 1944.

In the past whenever prices were high, the farmer generally availed himself of the opportunity to sell his grain, and on most occasions he needed the money to pay up obligations. At the present time we find a far different situation. Most farmers have become very prosperous, and, of course, the combination of high prices and government payments has placed them in a very comfortable position. Furthermore, many of them are inflationary-minded, and feel that for the time being ownership of grain is just as safe as having money in the bank. They also have noticed that practically every month when new parity prices are published, they either remain stationary or are advanced, and the result is that if they hold long enough, they generally obtain the benefit of higher prices, even though sacrificing to some extent loss of interest. It has been found that even when corn went to the ceiling price, and there was little chance of obtaining 1/8¢ per bu more for their product, farmers who did not ordinarily feed still were prone to carry grain. One large operator who visited this office some weeks ago told us that he had five big farms, and while he had no use for his corn, he was inclined to hold it, particularly if we thought there was little chance of price decline.

Consequently, there is no pressure upon markets, and the fact that country roads are not in good condition for moving grain is probably a factor also in this situation. Thus, it is that even with the very poor demand for flour, prices are firmly held, and we doubt whether they will yield much ground until conditions change. Crop prospects also continue satisfactory, and while wheat growth has been retarded by cold, cloudy weather in western and northern sections of Kansas, it has made favorable growth in central and southern areas. The important thing is that there is now sufficient soil moisture over the entire State for immediate plant needs. Oklahoma is likewise in good condition. The principal comment in the weekly crop bulletin is that farm work was again delayed by rains, which slowed up spring work.

From a statistical point of view there is little change. In thirty-seven weeks of the crop season, we have exported slightly more than 30 million bu of wheat and flour. Our imports, of course, have been much heavier, and we find that Canada has exported about 183 1/2 million bu since August 1st, a good part of which was destined to the United States. We have acquired 160 million bu of all grains through our purchases in Canada, with nearly 116 million bu wheat counting in those figures, together with 27.8 million bu oats and 16.5 million bu barley. When navigation opens it should be simpler to get larger supplies from that country. The War Food Administration late yesterday issued an order requiring country elevators in 124 counties of five Mid-Western corn belt States to set aside 35% of present stocks of corn, and likewise, the same percentage of future receipts, in an effort to build up a stockpile for processors who need supplies for manufacturing war essentials. Most grain men are of the opinion that this will not add any to the movement of corn from farms, and, therefore, is not a final solution to present difficulties. It may still be necessary to raise the ceiling, and we rather suspect that this action will follow, although maybe reluctantly.

Primary receipts amounted to 2,154,000 bu compared with 2,133,000 bu last week, and 1,675,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 115,000 bu, and we are convinced that arrivals in the Northwest are helped substantially through imports. When the visible supply is posted Monday, it will compare with an increase last year of 1 1/4 million bu.

Trade was again rather quiet, but markets were firm. May oats and May barley went to ceiling levels, and at one time May wheat also sold at the maximum permissible price. These were factors which contributed to bullish sentiment.

At times rye was reasonably strong, but best prices were not maintained. It seems difficult to recommend anything at the moment, with so many artificial considerations.

It was with profound sorrow that we learned today of the passing of Mr. Jules S. Bache. His many years association with the commodity trade was a credit to the industry.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. March 27, 1944.

There was no particular grain news over the week-end, except that further moisture was reported rather generally, and it now appears as though practically all districts had been favored again. It is particularly important for the Northwest, coming just before seeding operations start, although there may be some complaints later on that spring work is delayed, as apparently is the case in other parts of the country. The fact of the matter is that while oats and barley are not getting into the ground as early as farmers would like in parts of Texas and Oklahoma, the chances are that with wet soil conditions, the seed will germinate very quickly, and we have seen other occasions where the time losses were quickly made up. In the meantime, the wet weather is hindering a movement of grains to market, and this is particularly important in the corn belt where the government is most anxious to get a heavier run in order to take care of industrial users. The recent WFA order setting aside 35% of current receipts and asking that producers cooperate by marketing their corn was done solely to keep these processing plants manufacturing vital war products in operation. It is thought that processors will require about 11 million bu a month to take care of the requirements of the critical war industries. Meanwhile, substitute grains are being used very extensively by feeders, with the result that oats and barley, which advanced last week, were again quite firm in today's session, and the two May deliveries were at the maximum ceiling permitted. Unfortunately, the country movement has practically dried up, and this apparently has accentuated the demand, which seems to be a little broader each day. Undoubtedly a large volume of business would be passing, but there are no accumulations of supplies available for this purpose. As a matter of fact, almost all the oats which are arriving here are applying on previous purchases, and this has naturally caused a rather bullish sentiment in all pits, but it is difficult to express it, except in the more deferred deliveries, which are still under ceiling levels, or in rye where trade remains comparatively unrestricted.

There was nothing in Prime Minister Churchill's speech yesterday to influence grain markets or to indicate the likelihood of a sudden peace, although the latter was mentioned as a possibility. Most traders figure that the longer hostilities are carried on, the greater will be the drain on foodstuffs in this country, and less likelihood that surpluses in Southern Hemisphere countries may be made available to users. Therefore, even a large yield of corn in the Argentine is having very little influence on psychology, owing to the fact that there are not a sufficient number of boats to bring much grain from that country to the United States at the present time. Even a surplus of wheat in the Argentine, amounting to 256 million bu, is practically ignored, and it is doubtful whether sales to Europe will broaden materially until at least the European phase of the war draws to an end.

Primary receipts were quite large at 2,685,000 bu; this compared with 2,784,000 bu last week, and 2,961,000 bu last year. When the visible was posted it showed an increase of 1 1/2 million bu, or slightly more than last year. Total stocks in all positions amount to 109 1/4 million bu, which is 65 1/2 million bu less than a year ago. Chicago stocks increased 427,000 bu, making the total here close to 9 million bu, but we are convinced that some of this represents feed wheat which has come to Chicago, and which later may be shipped out. The visible supply of rye increased 441,000 bu. This represented mostly a change at Chicago, where bonded supplies decreased 1/2 million bu, while regular stocks were up 483,000 bu. There is still a total of about 12 1/2 million bu here at Chicago in the two positions.

Best prices of the day were not maintained. There was some profit-taking. At times May wheat here was bid at the maximum level, but selling of the deferred months caused a little easier feeling all around. Rye prices yielded some ground, while May and July sold at the same price, which is the first time that has occurred in a long while.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. March 28, 1944.

Further reports of snowfall over portions of Nebraska, Kansas, Oklahoma, and Texas should certainly leave the winter wheat belt in wonderful condition. As a matter of fact, crop prospects have improved far beyond the most optimistic forecasts, and it is almost too bad that there are no intermediate government reports to reflect present conditions, because undoubtedly a great number of people, who are watching more closely than ever food conditions in the country, are still relying on the December returns, which are now outmoded. At that time the wheat plant showed a condition of only 69% of normal, and it was thought likely that production of winter wheat might be in the neighborhood of 527 million bu. Judging from the private reports that have come to hand, and also from the messages received from people who have watched crop progress over a period of years, it is quite likely that the final winter wheat results may be 50 to 75 million bu larger than a year ago.

In spite of this optimism, farmers are not selling their old-crop wheat, as in years past, and this may be attributed to a number of reasons, one of which undoubtedly is the fact that roads are bad, and it is difficult to get grain from the farm to the country elevator. We take little stock in the reports that there is so little wheat left back in the country, for the reason that the farm reserves were quite large, and although there is heavier feeding of wheat to animals, this is not done so much at the source because farmers recognize the value of their wheat, and are consuming it mostly at the cheaper level of prices when sold by the CCC, either through a subsidy or else they are purchasing Canadian wheat which our government is importing. We must also recognize that the quantities impounded from the 1943 crop are now down to very small proportions; only about 48 million bu remains frozen. The balance has been redeemed, so from that point of view there should be proportionately more wheat left in commercial channels than in any of the past four or five years. There is a definite holding tendency on part of farmers, and their experience has been such that they learned patience because almost every month brought a higher parity level than the preceding period. Also, having sufficient funds to be able to do this, there seems little disposition to force sales even when ceiling prices have been reached.

One of the reasons for the reaction yesterday was a message claiming that Argentine imports of rye were possible, and we believe that it was actually stated that some business had been put through. We were skeptical of this right from the start, feeling that the War Shipping Board would not permit rye to come into this country when the boats were needed for more vital shipments, such as oats, barley, or wheat for feed. Apparently others must have felt the same, and when our market opened today rye prices were fractionally higher, despite overnight action by OPA, which contemplates establishing specific price ceilings for oats within the next month. They will attempt to bring prices more in line with parity, which, on basis of oats on the farm at 68¢, would mean about 75¢ here in Chicago. However, they intimate that the ceiling will mean only a slight rollback from the present "freeze," and so we presume that some allowance for grades will be taken into account. We were also advised that they were considering maximum prices for rye, which will probably also be around the parity level of $1.22 on the farm, but not knowing what their basing point is, it is difficult to predict the Chicago price, although it may range from $1.34 to $1.40. This, however, is merely a guess.

Primary receipts were quite large today, amounting to 3,065,000 bu compared with 2,360,000 bu last week, and 1,486,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 52,000 bu.

There was a fairly good undertone to markets early in the session, but weakness in stocks and talk of "rollbacks" finally brought a fair amount of selling even though cash wheat is much easier to sell to distillers and to that type of trade than to purchase in the country. This may change later on if crop prospects are maintained, but for the time being at least, there is little new pressure. We believe that much of today's selling came from tired longs after there were recessions in the May deliveries from ceiling levels.

Rye and oat quotations also were lower.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. March 29, 1944.

It is rather encouraging to see that grain stocks are being built up at Ft. William and Port Arthur, and during the past week, there was an increase of nearly 5 million bu in the wheat stock at those two ports, with a total now of 44 1/4 million bu, which is almost double that on hand a few months ago. There is also 9 million bu of barley in store, 6 1/4 million bu rye, and 7 1/2 million bu oats; so very likely with the early opening of navigation, feed grains will come into this country in heavier volume to relieve the acute situation with which we are faced. On the other hand, cognizance should be taken of the fact that there will also be an improved demand for overseas shipment of wheat in order to take care of British requirements, and possibly also to some extent those of Russia. With vastly more storage available, it is to be regretted that rail transportation could not have built up larger stores, but a pparently this was not in the picture.

At the moment demand continues urgent for practically every type of feed, and this in spite of the fact that more hogs are being slaughtered, with twenty-seven markets showing an increase of 408,000 head this week over a year ago. The proportion for the previous week was still greater, with the increase amounting to 463,000. Thus the population is gradually being reduced. However, it takes time, having started with such overwhelming numbers due to the favorable feeding relationship. One of the statisticians in this city, also publisher of several journals, has made a careful survey of conditions, and he calls attention to the fact that with relation to hogs, more than a million have been marketed each week since the last week in October, while nothing ever approached that record before in history. The same resume claims that only 84% as many cattle are now on feed as there were a year ago, and the intimation is that when the new corn crop is harvested next fall, we will find ourselves with far less livestock in the corn belt to consume it.

For the time being, there is less apprehension about the threat of a rollback in oat prices, and those who have been in contact with Washington seem to think that little will be done before June 1st. If this is the case, it would relate more to the new crop, and therefore, could easily keep old supplies in a very tight position. The impression carries that they are considering a value of about 75¢ at Chicago based on present parity levels, but late this afternoon we shall get the March figure, and it is almost a foregone conclusion that there will be no rollback, as there has never been a time since this concept was inaugurated that parity prices have receded except for seasonal articles, such as butter, eggs, etc. In other words, parity for the various grains has either remained stationary or has advanced, and very likely these considerations will also be adopted in the conclusions which OPA has under study, and which may be announced within thirty days.

The weekly weather and crop report spoke of continued favorable weather conditions for the winter wheat crop and that improvement was fairly general in the principal producing areas. Even in some of the unfavorable sections, such as Nebraska, there seemed to be considerable improvement in evidence, so that with the additional moisture coming overnight, we could hardly imagine a more optimistic outlook, considering the poor start last fall.

The closing down of more industrial corn plants which are affecting many vital war and essential industries is causing grave concern; in fact, Mr. Hall, of Corn Products Co., expressed the opinion that the government may have to seize corn on farms in order to keep operations going. The final solution, of course, is up to the government, but since an increase in corn ceilings is being fought, the only other alternative would be a subsidy to the farmer; some drastic action will have to be taken, because it becomes increasingly evident that where plants are closing down, it will be difficult to get the employes to return when the plants are re-opened.

Primary receipts were fairly substantial, amounting to 1,979,000 bu compared with 1,681,000 bu last week, and 1,201,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 7,000 bu.

Outside of the weather there was not much grain news, except that one of the reporting agencies in New York insisted that some rye had been recently sold to Portugal. None of the exporters with whom we have discussed it could confirm the business, and there may have been some special conditions surrounding the trade.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. March 30, 1944.

There was no special grain news overnight. After the close yesterday new parity figures were published, and there was a rise of 1¢ per bu for the major cereals during the month of March, but this was not unexpected. As matters now stand, the general level of prices of all farm products has reached 196% of the 1909-14 average, and if we are really earnest in our desire to halt an inflationary spiral we doubt whether the parity concept is the method to bring about best results. Prices which farmers are now receiving average 115% of parity, or the so-called "fair exchange value," which was set up by farm legislation. If we analyze it a little more closely, we come to the conclusion that an 85% loan based on parity which has been established in past years for wheat farmers, would make the Chicago loan price about $1.47 1/2. It is likely, of course, that further advances in parity between now and July will permit a still higher loan, although the changes are not apt to be very great; this would compare with last year's loan of $1.42. Based on the present market, it is almost a foregone conclusion that farmers will avail themselves of the loan even less during the 1944-45 season than they did during the current crop year. As we have pointed out on past occasions, almost two-thirds of the wheat which was originally frozen has already been redeemed, and this shows a very definite tendency to lean less heavily on governmental agencies when market prices are more attractive. For this reason, we do not regard the loan factor as important as in previous years, but by the same token it means that defaults will be smaller and if the government wishes to continue the feeding program they will have to rely more and more upon imports.

We were somewhat surprised to note that wheat exports may have been about 20 million bu larger than earlier forecasts had led us to believe. The Department of Agriculture has stated that we shall probably ship from 60 to 80 million bu during the crop year, and that two-thirds has already been cleared, which means shipments in the neighborhood of 50 million bu. This may or may not affect the final carryover figures depending on the amount which is brought in from Canada, but it does seem rather unnecessary for us to furnish such large quantities when we are finding it difficult to obtain adequate supplies for distillation and for feeding.

Since last August we have imported 118.3 million bu of wheat from Canada, 28.2 million bu of oats, and 16.6 million bu of barley, or a total of 163 million bu of all grains. This is exclusive of rye, which we believe has come to this country, but is still largely in storage positions. Were it not for the length of haul, we could, of course, help ourselves additionally in securing large quantities of wheat from Argentina. Estimates for export and carryover range from 247 million bu to 274 million bu, the latter by Broomhall, but in any case they have a big surplus even after allowing for a considerably larger domestic consumption, including some wheat which will be used for fuel.

Canada's objective for wheat acreage is 17 1/2 million; farmers' intentions to plant will not be known until May 9th. However, precipitation during the fall and winter months has been below normal at practically all points in the Prairies, and good spring rains will be necessary, as well as timely showers during the growing season. Quite a contrast from the situation in this country.

Primary receipts were 2,032,000 bu, or practically the same as last week. This compared with 1,616,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 163,000 bu.

There was firmness in all pits and the deferred futures of wheat at Minneapolis were quite strong, but the July delivery up there still represents old wheat, and apparently this is also tending toward the ceiling. Buying here was not particularly active, but there may have been a little better milling demand after many weeks of quiet, and buying of our July by a cash house looked as though hedges were being covered. Final prices showed an advance of 3/8 to 5/8¢ a bu for the new-crop deliveries.

Rye was quite strong. There seems to be no pressure and the same story relates to oats; in fact, all feed grains are in urgent demand, and this seems to be the main influence at the moment.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

March 31, 1944

While war news is given very little consideration as it pertains to our grain markets, there are several thoughts which must be kept uppermost in our thinking, particularly in relation to Germany's food requirements. For the past few years they have apparently fared extremely well. First of all the fertile lands of France enabled them to get the larger portion of the crops, even though it meant a tremendous sacrifice to the French people. This in itself was very important, but was further augmented by the production of the low countries through which the Germans swept in 1940, and a year later the invasion of Russia giving them access to millions of acres of wheat land just about at harvest time, so that for the past four years a big percentage of the European crops has come into Germany's possession. At the present time the operation is being reversed, at least on the Russian side of the European battlefront, for not only is the Red Army driving the Germans from its frontiers, but is likewise threatening the Balkan countries, where a substantial wheat harvest may be expected next summer. The Balkan and Danubian countries have always been important, and for years prior to the war, furnished a good part of the exports to some of the Eurpoean countries which would otherwise have been deficient.

There are no official figures during the war, but according to the last Canadian Dominion report, unofficial calculations indicate that the wheat crop in Rumania, Hungary, Bulgaria and Jugo Slavia has averaged 316 million bu annually during the past four years. In 1939, just when war was starting, this group had produced 454 million bu of wheat. Therefore, it is becoming extremely important as to whether Germany or the Allies will control these satellite countries. Rationing even of bread supplies, has given the Germans great benefits, and even if part of the 1944 harvest is lost resulting from an invasion of western Europe it would have tremendous repercussions, which might seriously impair Germany's food problem. These are considerations which will doubtless become more important as time goes on.

Our farmers are not in a selling mood, and while it is probably true that in certain parts of the country wheat may have been largely shipped from country elevators, we take it that from previous estimates of grain located on farms or in the small mills, there must still be a considerable quantity left back in the country. There is, of course, always the possibility that some of the commercial supply will be needed for feeding purposes, but with the government planning to sell about 28 million bu of wheat per month under subsidy, prime demand will be for the CCC supplies, either those of domestic origin where the price is considerably lower than commercial grades, or else feeders will take with equal enthusiasm the Canadian wheat which is being imported by the government, and which is selling far below ceiling levels.

It was thought yesterday from certain reports emanating in the Southwest that rye might be used in larger volume, because of the scarcity of other feeds. Rye is an article which has never been too popular with feeders, because most of it contains a degree of ergot, which causes sterility in animals. Furthermore, it must have a peculiar flavor, and when mixed in large volume with other feeds is unattractive for livestock use. There apparently has been a tendency toward using up some of the low-grade rye in feeding formulae although in checking this matter carefully, one of the larger feed dealers told us that the demand was not especially good. There may be anywhere from 5 to 10,000 bu used throughout the country on certain days, but the general demand has not shown much improvement. Canadian off-grades are still selling considerably under our levels, and since there is a good deal of Canadian rye which has come here, duty free, on the assumption that it will be fed, this grain naturally will go competitively faster than the higher priced American varieties.

Statistics were relatively unimportant. There was very little feature to the wheat market. Prices were firm, but what little buying there was came into the July future.

Rye was strong in the fore part of the session, but later was subjected to profit-taking and liquidation. There were fairly good recoveries from the break, although at the last prices showed fractional declines. There is still no general demand for this cereal, although hopes are still kept high that something may develop either in the way of feeding, usage for alcohol, liquor manufactur, or a post-war demand.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. April 3, 1944.

The war news over the weekend was mostly good, particularly the account of Soviet troops and tanks entering Axis territory for the first time in this war. The drive into Rumania is certainly heartening when it is remembered that the fall of the satellite countries in World War 1 was the forerunner of German defeat. From now until next summer when European crops are harvested, there may be a critical period for European supplies of food, and certainly Germany cannot afford to lose agricultural produce next summer when they are already on very strict rationing. The stock market was a shade lower, possibly being influenced by this Rumanian news. Grains were very little influenced, and as we look back over a period of two months, rye, which has been the most active cereal, has done very little; in fact, one of our friends who was away from the city for about eight weeks, told us that today's price was virtually the same as it had been the day he left. In the meantime, there has been very little cash rye disposed of in this market. The bulk of the cash supplies are concentrated in the hands of a few interests, and while the biggest holder has expressed a willingness to sell out it either the government or other users should wish to buy his holdings, we doubt whether any important transactions have taken place. Meanwhile, some additional purchases were made from Canada and the grain will probably be shipped to Chicago after opening of navigation. But those who are long continue hopeful on the theory that rye may be resorted to in the use of alcohol manufacture if other grains become too scarce. There is also another class of traders which figures that the scarcity of feedstuffs may compel the use of rye in greater quantity.

As matters now stand there is an active trade in cash wheat in the South and Southwest, with feed manufacturers and distillers making purchases at the full ceiling levels. However, the movement has slowed up to some extent owing to adverse weather conditions, which make it more difficult to haul, but which, by the same token, are propitious for crop development. It seems that a large part of the arrivals of wheat are for the account of CCC, and will thus be used for feeding. This is a rather unusual situation, but there seems to be no imminent change, and even when egg prices declined as they did last week, government support immediately came into the market, thus encouraging "chick" raisers and poultry feeders to get their second wind. Under these circumstances, the May futures in the important marketing centers have remained bid at ceiling levels. This is undoubtedly due to the shortage of feed grains, which has reached an acute stage, and which is responsible for the strength in futures. The deferred deliveries at least in Chicago, representing the new crop, have also been supported in a measure, but with crop prospects well maintained, there is not the same enthusiasm to buy the July and September futures.

There is some talk that Argentine corn may be brought to the Atlantic seaboard, and if ships were available for this purpose, it would undoubtedly relieve tension to some extent. There are apparently boats to carry on commerce with Argentina and Mexico, and late Saturday it was claimed that the Mexican government had purchased some 4 to 7 million bu wheat, shipment to take place gradually during the next three months. This should act as a reminder that a tremendous wheat surplus exists in the Southern Hemisphere, and some of it could find its way into the United States, depending on shipping facilities.

The wheat visible supply increased 510,000 bu today to a total of 109 3/4 million bu, which is 65 1/2 million bu less than was on hand a year ago. Chicago stocks decreased 95,000 bu, but there is still more than 8 3/4 million bu at this market. A small decrease in rye occurred, but there is still 10 1/2 million bu here in Chicago, in addition to 1 1/2 million bu in the bonded supply. Primary receipts of over 3 million bu today were twice as heavy as last year.

After mid-session when there was recovery in securities, wheat prices rallied fractionally, but trade was at a minimum, and not a great deal heavier than on Saturday when less than 1 1/2 million bu changed hands in the pit. Final prices were 1/8 to 1/4¢ per bu higher for the deferred months.

Rye was weak at times, but there was never much liquidation, and there is still 19 million bu open in the May delivery, which is very large for this time of the year. Apparently longs remain confident, but as yet there is not much improvement in the demand, although a few small lots have been sold recently to feeders.

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April 4, 1944.

Today for the first time this spring one of the private crop experts gave his tentative estimate of the winter wheat crop, which was placed at 588 million bu, or an increase of 61 million bu over the official December forecast. Without goihg into the matter nearly so thoroughly as he did, we should have come to somewhat the same conclusion, owing to the fact that we are watching very carefully the weather reports from all parts of the winter wheat belt, and we have mentioned on frequent occasions the great improvement which took place after the fall drought of 1943. Of course, many things can happen to the crop between now and maturity, but figuring on average conditions, which is all that is possible to do in April, we must now assume that a larger yield than last year can be expected. This, of course, is very fortunate, due to the fact that the present demands for wheat are so urgent, and as yet there has been no abatement in the requirements of feeders and distillers. There might be a change, however, in the psychology of farmers if they see that prospects are maintained after spring work has been completed. At the moment there is a holding tendency, and there seems to be absolutely no pressure from the country. We feel, however, that a good part of the loan wheat from last season will be redeemed, except that part of it which is stored on the farms, and where the producer gets beyond April 30th to make disposition of his contract. The free wheat in the carry-over, as well as the 1944 wheat when harvested, will very likely be marketed at present levels, which are very much more attractive than will be next year's loan price based on present parity.

For the time being there seems to be a good deal of confidence amongst rye holders, and the May contracts are liquidating very slowly, with a good deal more open interest in the nearby future than in any of the later months. This is quite different from the other active grains, and we doubt whether it can be attributed entirely to a desire on part of speculators to go beyond the six-month frontier for tax purposes. However, unless the cash demand shows some signs of improvement, we should not be surprised to see some liquidation later in the month, particularly since it costs money to carry grain, and it is more advantageous to go into the deferred deliveries at a discount.

The milling demand has shown a slight improvement, although it was more marked in the Northwest than elsewhere, and it seems that the spring varieties are available at practically the same price; in some instances even cheaper than hard winters. But even business which would generally take place at this season of the year is held in check, owing to the tightness of cash wheat and the fact that futures in nearby positions are all at the ceiling.

The OPA announced that it was not contemplating any increase in the ceiling price for corn during this crop season, and Mr. Bowles stated that a higher price would not bring about any substantial rise in production. On the other hand, there was no intimation of how the government would get its requirements to take care of industrial users, and this seems to be the most pressing matter at the moment. Marketings from the country are next to nothing, so whether the government sets aside 35 or 60% for special use is of little difference, since it is difficult to accumulate a stockpile.

Primary receipts of wheat today amounted to 2,245,000 bu compared with 3,065,000 bu last week, and 1,968,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 60,000 bu.

There was a little better buying in wheat after rye prices became buoyant. It did not take much volume to do this, as there was very little pressure, and at the last wheat prices for deferred deliveries were up 3/4 to 7/8¢ per bu. There was a fairly good undertone in all the other pits, but no particular feature, except that feed grains remain in a strong position, and there continue to be many more buyers than sellers.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. April 5, 1944.

Corn has been presenting greater problems than almost any other cereal. Despite the fact that we have had bumper crops in the last two years, the number of livestock on farms was also of record proportions. Industrial utilization was also much greater, and we believe that one of the most interesting accounts is that of Mr. Hutson, President of the CCC, in his annual report, showing the various steps which were required in order to relieve the tension at various times. During January 1943, a temporary ceiling was placed on this commodity at approximately $1.02 per bu Chicago. Almost everything which has happened since that time has been a natural consequence of such action. So interesting is the reading matter that we offer to our friends the direct quotation, as follows:

> "In April OPA raised the ceiling price of corn in the surplus-producing areas from $1.02 per bu to $1.07 per bu Chicago, but the former ceiling of $1.02 Chicago, for eastern and southern areas was maintained. To facilitate the movement of corn from surplus to eastern-southern-deficit areas, where feed was needed to maintain dairy and poultry production, the Corporation offered to purchase corn at the prices prevailing in the surplus areas and to resell this corn on the basis of the ceiling prices in the deficit areas. The program applied originally only to whole grain, but in May it was extended to the corn content of shipments of mixed feed as well.
>
> "Meanwhile, processors supplying corn products to war industries were finding it increasingly difficult to buy corn. The commercial movement of corn had dwindled so that a number of these processors were confronted with the necessity of closing down their plants. To alleviate this situation, as well as to stimulate the movement of corn from surplus to deficit feed areas, the CCC called all loans on 1938-41 crop corn for redemption of the corn or its delivery to the Corporation by July 1 and on 1942-crop corn by July 15. Interim emergency action included the requisitioning of elevator stocks of corn at large terminals. Approximately 6 million bu of corn were requisitioned and the bulk of this tonnage was made available to corn processors. The War Food Administration urged farmers to increase the marketings of corn and stipulated that for all such corn sold between July 1 and August 10 the CCC would protect farmers against any increase in the ceiling price of corn between July 1 and October 31, 1943. More than 35 million bu of corn were marketed from July 1 through August 10, making possible the continued full-time operation of many war industries dependent upon corn products used in many of their manufacturing processes.
>
> "At the outset of the 1943 fiscal year, the Corporation held 224 million bu of corn as collateral for loans to farmers and it owned 62 million bu. The loan rate on 1942-crop corn was higher than on the 1941 crop, but because of the unprecedented demand for corn for livestock feeding and industrial uses, the market prices of corn advanced above the loan levels. Large quantities of corn under loan were redeemed by farmers, and only 56 million bu of 1942-crop corn were put under loan as contrasted with more than 110 million bu of 1941-crop corn the preceding year. At the end of the fiscal year 1943 the loan stocks totaled less than 92 million bu and owned stocks had been entirely depleted, largely as a result of emergency sales to livestock feeders and corn processors. Practically no corn was turned over to the Corporation through the calling of loans. As of August 1, the Corporation held no corn under loan and its owned stocks totaled less than 3 million bu."

With virtually no corn under government control, it is obvious that history cannot repeat itself, and with CCC determined not to raise ceiling prices, we are quite puzzled as to a solution with industries closing down through inability to buy grain.

Wheat primaries were close to 2 million bu, or about the same as last year. This was no market factor, nor was the weather, nor the State crop reports, which on the whole bore out recent optimistic expectations. With no pressure final prices were 1/2 to 3/4¢ per bu higher for the deferred months.

Trade in May oats and May barley by Board of Trade ruling was confined to liquidating transactions. This did not have much influence, however, on the market in general, although there was considerable short covering in rye.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. April 6, 1944.

Wheat prices during 1943 averaged higher than during the previous year, and while less was marketed, the cash income received by growers was nearly as large. In fact, except for 1942, it was the biggest income since 1927. We figure that the total value of wheat, based on the average farm price of about $1.47,should be in the neighborhood of $1 1/4 billion. While this seems high, it is well to bear in mind that the value of eggs is still greater, and even though egg prices have slumped considerably, and will probably be supported now by the Government at 26¢ per dozen on the farm, what we have said still holds true. Egg production is the heaviest on record --almost 80% larger than the average in the pre-war years. It is expected that the total number of eggs this year will reach,or even exceed, 5 billion dozen. One egg out of every four produced will go to war, but yet this will leave 3 1/2 billion dozen for the civilian population; which is enough to give each person nearly an egg a day for the year, and during the present flush season nearly two a day.

If we consider the poultry business as a whole, and not merely eggs as one part of it, it can easily be seen how important it is to the country in dollars and cents. Therefore, the lowly hen should be regarded with greater respect. Although her wares have never been widely discussed by economists, there are many States in the Northwest, and also in Nebraska, where more is realized from the sale of eggs in a normal year than from wheat, and actually the house-wife spends more for eggs than she does for bread or flour. In the poultry field, as with animals, it was the favorable ratio which built up the large supply, and the feed-egg ratio now stands at 7.78 compared with 5.36 a year ago, and the ten-year average of 6.82. Thus, it will be seen that the more we do to artificially support poultry prices, and at the same time attempt to keep feed prices low in relation, the more aggravated the situation may become unless, of course, the American people can be induced to consume more heavily.

There is at the present time 48 3/4 million bu of wheat at Fort William, and Port Arthur --an increase of 4 1/2 million bu during the week. This is highly important with navigation about to open. Recent figures showed that there was less than half as much Canadian grain as a year ago stored at these two ports awaiting shipment to the deficit feeding areas of the U. S. Canada's boxcar shortage, rather than the Great Lakes shipping, appears likely to be the transportation bottle neck this year. Our government is hoping to bring in 20 million bu of Canadian oats. At the moment there is only 8 million bu stored at the lake-head, and this business, too, depends largely on the ability to bring it forward from the farms.

The government still expects that there will be 300 million bu of wheat carried into the 1944 crop season. This is based on a total disappearance of 1,260 million bu, which is the largest in our history. Even though imports may be materially increased above the estimated 125 million bu during the current year, feeding operations in wheat will necessarily be curtailed to at least half of what it had been in 1943-44. Wheat stocks in the four major exporting countries: namely, Canada, Argentina, Australia, and the United States, next July are expected to total 1,250 million bu, which compares with 1,750 million bu, the record in 1943, and the ten-year average (1933-42) of 729 million bu.

Primary receipts amounted to 2,231,000 bu compared with 2,032,000 bu last week, and 1,402,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 13,000 bu.

There was alittle hesitancy all along the line. Talk of larger imports of oats from Canada brought some selling into the deferred months of both oats and barley. Likewise, rye turned reactionary, and there was not the same urgent short covering which was apparent yesterday. On the other hand, with a large food concern long a proportion of the cash rye here in Chicago, and many locals long May rye, their combined transactions are exerting more than a normal influence on the market. We still find a greater open interest in the nearby future than in any of the others. Some evening up may have been due to the holiday tomorrow, but volume on the whole was not particularly impressive.

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April 6, 1944.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. April 10, 1944.

Secretary Hull's address last night was well received, and clarified foreign policies, not only for the American people, but for our Allies, who may have been wondering what to expect in the post-war era. The sound plans discussed had a little bullish influence on security prices, but there was very little effect on grain. What little interest there is seems to center in the high consumption of our cereals, and while civilian supplies of most foods during the past three months of this year have been at high levels, it is considered likely that in the next quarter some of the important foods will become a little scarcer, but will still be as large, or even larger, than the average supplies in the same months of last year. A good deal of attention will center on farm reserves of corn, and, of course, there is no way of anticipating in advance what this figure is apt to show. Past experience and precedent count for very little.

While the trade has been watching carefully OPA ceilings, there has been less interest in the government price support programs which have developed from time to time. For milk and dairy products, a plan was outlined early in March which will be operative for the balance of the year. Its purpose is to maintain milk production, and thereby civilian supply. By guaranteeing minimum returns of milk and butterfat, the government has encouraged farmers to go ahead with their plans, and to keep up fairly well the size of their herds. The number of milk cows and heifers two years old and over was the largest on record when figures were published as of January 1st. Now that we are coming to a period when egg supplies are a glut on the market, and poultry farmers might reduce their flocks to a point where production would come more in line with requirements, particularly if prices were left alone, we find that the government answer is to buy up the current surplus and store it. Thus, it is difficult to foresee where the feeding situation shall be very much relieved except by necessity where in certain districts of the country supplies are scarce and may become unobtainable. Hogs slaughter in the first quarter of this year was at an all-time high, and considerably above last year. However, we started with such large numbers, and even the 1943 fall crop was estimated to be about 10% above the previous record c rop of 1942, it will take time yet to reduce it very substantially.

When our market opened this morning prices were very firm, and there continues to be more speculation in rye than in any other cereal for the reason that restrictions are fewer, and until such time as ceilings are announced many in the trade feel that with the difficulty in obtaining feeds that even rye, which is less desirable, may be substituted regardless of its relative merit. The country movement of corn remains disappointingly low, and arrivals of carlots at local markets are so small that there is little chance of industry operating on a normal basis. Despite the recent talk of Canadian oat imports, cash markets have been well maintained, and most of the receipts from the country are applying on previous sales, so that little is offered in the cash market. The outside trade would buy eagerly, except that offerings are entirely inadequate.

Rains over the weekend were copious and general. Parts of the Southwest reported 1 1/2 to 2 1/2 inches, and this will probably slow up the country movement of all grains. While beneficial for wheat, there are increased complaints that spring work is further delayed, although we feel that when the crops are planted germination will be rapid, and from that point of view, we can see little permanent damage, although some lands intended for oats may go into corn. In the Southwest, corn planting has made good progress, where fields were dry enough to work, and there was a fair amount of activity reported in some Southeastern localities. Generally speaking, the preparation of seedbeds in the main corn producing section is far behind schedule.

When the visible supply of wheat was posted, it showed a decrease of 117,000 bu, with the total somewhat less than 110 million bu, or approximately 64 1/2 million bu smaller than a year ago. There may be some improvement in the import situation, and several vessels have been able to get through the Straits, but on the other hand, consumption for feed will also be big. Chicago stocks decreased 339,000 bu, leaving 8 1/2 million bu here. We expect that our market will be drawn on rather heavily, as fairly large quantities represent government whea which the CCC undoubtedly will sell for non-commercial use. The rye visible increased 867,000 bu; this was mostly at Chicago where the bonded supply decreased in about like amount, suggesting that duty has been

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CHICAGO MERCANTILE EX.

April 11, 1944.

The winter wheat crop started under very inauspicious circumstances, with the dry fall and a condition last December of only 69% of normal. Despite this handicap, more than average rainfall has given us a very improved situation, with the government estimating the crop at 601 million bu, or an increase of nearly 75 million bu from the preliminary forecast. A crop of this size would not only be larger than last year but would compare with the ten-year average of 570 million bu, and, therefore, must be regarded as very satisfactory. Probably of more importance is the question of consumption, for it has been the added domestic requirements which have reduced our surpluses so materially, and if continued might become very dangerous. Wheat stocks held on farms April 1st were 217 million bu, or 26% of last year's production. This is smaller than the record holding a year earlier of 325 million bu, but yet is large enough to assure us of a reserve at the end of the season of approximately 300 million bu. With the amounts that have been imported and will continue to come into this country from Canada, we believe that we have now passed the point of maximum usage, particularly since the consumption of feed grains is not quite so alarming as many had led us to believe. It is true that during the past three months, consumption of corn and oats has been very heavy, but still when we analyze the situation more closely, we find that the corn stocks have been reduced only 11 million bu more than for the comparative period a year ago, and the disappearance of oats on farms has actually been 86 million bu smaller. This suggests that there may be fewer new animals on feed, and if our assumption is correct, it should also have a bearing on the situation during the next quarterly period. Analyzing it from a slightly different angle, we may also assume that even if the consumption of corn should be equal to last year's for the remainder of the crop season, we may still expect a carryover supply of 100 million bu, and from that point of view the picture is not quite as black as it was previously painted.

Meanwhile, the government is concerned with the holding tendency in grains, and there is no loosening up of supplies from country points. This is especially true of corn, which is so badly needed by war processing plants, and consequently many plans have come up for consideration. One program would provide an opportunity for farmers to move their corn to market as a partiotic gesture, but if it is found that time is of the essence and that the industries cannot wait until such an appeal is responded to, more drastic action may become imminent, even to the extent that the grain is commandeered or that the hog support program will be withdrawn.

In further analyzing the government report, the yield per seeded acre of wheat is indicated at 12.8 against the ten-year average of 12.2, and on April 1st last year of 14. With any favorable weather between now and harvest, this yield per acre could very easily be increased. In rye, the condition on April 1st, 1944, was given as 79%, which compares with 82% last year, and 75% for the ten-year average.

Primary receipts today were 3,274,000 bu compared with 2,245,000 bu last week, and 1,185,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 137,000 bu.

There seems to be a dearth of outside interest in our markets at present; even rye, which had enjoyed a fair volume of business in the past few months, is also suffering. Total trade in that cereal yesterday amounted to slightly over 3 million bu. At the present level of prices, and with the possibility of a ceiling on rye, there apparently is no incentive for new longs to enter the market, and with the present longs of May apparently determined to stay with their position, recessions are of a minor nature, although during the latter part of the session some selling was in evidence, and the May future declined about 1 1/8¢ per bu.

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CHICAGO April 12, 1944
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Precipitation during the month of March was the heaviest since 1922 in the important crop-producing areas. We believe that when history is written, it will also be found that the first half of April was likewise wet, although skies are clearing, and very likely spring work will soon be resumed. The preparation of seedbeds is far behind schedule, although actual planting has not been seriously delayed, because normally it just begins at about this time. According to the last government report, the irregularities in weather do not appear particularly significant or unusual, except possibly in the Pacific Northwest. On the other hand, rains have done much to restore confidence in the areas where the fall and winter were so very dry, and prospects are still favorable for the planting of a near-record acreage of all crops. It is not only improvement in winter wheat, to which we called attention yesterday, with the prospect of yields running ahead of average, but also pastures, though late in starting because of the cold weather during March, stillhave prospects for average or better condition in practically all States East of the Rockies. For the country as a whole, the April 1st condition was 81% compared with 80% a year ago and the ten-year average of only 74%. Old feed is short in some northern areas East of the Rockies, because of dry weather last summer, but conditions should improve when new growth starts. We should not be at all surprised to see a different psychology on part of farmers when there is a definite turn toward spring weather, and very often they, as others, become gripped with spring fever, and thus the holding tendency, which has been so prevalent, may give vent to a freer movement of grain, particularly if new crop prospects remain satisfactory. There is now a period of mild weather in Kansas after the recent freezes, and the outlook for winter wheat and pastures is greatly improved, especially in the western portions; sowing of oats and barley is nearly completed in the southern half of the State, but much is still to be accomplished elsewhere.

Our markets were barley firm when the opening bell sounded, and the carryover feeling from yesterday was slightly bearish owing to yesterday's break in rye prices. There is less possibility that this cereal will be fed, even with the heavy consumption of other grains. It is true that in the first three months of 1944, the disappearance of corn on farms amounted to 882 million bu. This is a record for all time, and about 11 million bu larger than the previous record a year ago, but yet if the liquidation of animals continues, the situation is more in hand, and particularly so as we are entering a quarter when animals can graze more on pasture land, and, therefore, depend to a lesser extent on feed grains.

The government is still exploring the possibility of obtaining supplementary corn supplies for commercial users. Argentina has expressed a willingness to send us considerable quantities, provided she receives coal in return. Whether or not boats can be obtained for this type of commerce remains to be seen, but generally where there is a will, there is a way. Since there is no likelihood of corn ceilings being raised to eliminate present obstacles, it may be that the Argentine plan will receive important consideration.

Primary receipts were smaller and amounted to 1,562,000 bu compared with 1,998,000 bu last week, and 1,308,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 79,000 bu.

Trade was very light, and there was little feature. However, a good many people are reminded that last year at this time the market was just about even with the loan price of wheat. This year, on the assumption that the loan will be $1.48 per bu, or in that neighborhood, the present market, if maintained, will be much more attractive, and very likely a good many hedges will have to be absorbed. This, together with the old wheat remaining in the country, may change the tightness which is presently apparent. Final wheat prices were down 3/8 to 1/2¢ a bu.

There was not much trade in rye but the holders of the May position continue to feel confident, and the open interest is not declining. The market remains largely speculative from point of view that the cash demand is not broad, and if the holders of cash rye tried to sell, they would undoubtedly meet with great discouragement.

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CHICAGO 4, Ill. April 13, 1944.

There is naturally less attention paid to external developments than in normal times, and we scarcely ever hear Southern Hemisphere crops or exports discussed, except in relation to what may occur during the post-war era. Nevertheless, it is interesting to note that clearances from Argentina are expected to show some improvement in the near future, because of recent purchases by the United States and Mexico. This in turn shows that the shipping situation has been ameliorated, and there was nearly 2 million bu wheat cleared this week, a little larger than last week, but this compares with only about a million bu a year ago. The government in that country must also be cognizant of a better export demand, which may develop shortly and for that reason has permitted resumption in futures trading, although after the suspension of business it will take time to re-establish markets. At the moment it is claimed that dealing in futures is thin , but stocks of all grains in the country are heavy, owing to an absence of tonnage.

Yesterday, their rye prices declined 1/2¢ a bu, and this cereal is now quoted at 49 1/8¢ FOB steamer, which is a new low. The crop is estimated at 39 million bu compared with less than 6 million bu last year and 5 1/2 million bu in 1942. The average production, however, during the past five years has been a little larger, amounting to just less than 10 million bu, and nobody knows exactly why farmers expanded their acreage, but in all probability, with the small domestic consumption, a good part of the grain will seek export outlets. Whether this will have any immediate effect upon prices here is difficult to say, but, nevertheless, anybody making purchases at $1.25 must bear it in mind, particularly since the duty is only about 12¢ a bu, and any time that the freight situation improves materially, we might be called upon to accept some rye from that country.

It is still too early to have definite ideas about the winter killing of the 1944 crop, but on basis of about 15% abandonment, we may have a harvested area of some 40 million acres. In 1942, on a standing acreage of only 35.6 million acres, we raised a winter wheat crop of 703 million bu, and the year before on 39 1/2 million acres, we produced 670 million bu, so that possibly even a forecast of 601 million bu by the government a few days ago may prove to be too low if weather conditions remain good.

There was a little easier feeling today, with reports that some ships had cleared from Canada, bringing oats and barley to this country. Steamer Viscount Bennett is headed for Buffalo carrying 500,000 bu of oats. Besides this, there are four boats carrying barley destined for Superior and Duluth, totaling about 700,000 bu. As near as we can figure out, imports since August 1st of wheat, oats, and barley amount to approximately 169 million bu, of which wheat alone comprised 123 million bu. In this connection, it should be stated in all fairness that some of the grain which has come in may also be re-exported.

Primary receipts of wheat were quite good at 2,487,000 bu; this compared with 2,231,000 bu last week, and 1,359,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 7,000 bu.

Rye, which had been quite weak during the last few sessions, was again under pressure today. A good many people feel that if boats can be obtained that there is every incentive to import it from Argentine. In this connection, WPB is studying a proposal for corn shipments to the United States. They figure there is at least 200 million bu exportable surplus in that country, according to unofficial estimates, and it is also figured that the wheat surplus amounts to 256 million bu, but of course, any shipping activities would have to be within limits,owing to other important war commodities, which are being transported. When Minneapolis July wheat came off the ceiling, there was further liquidation in all pits. Even with our May oats firmly held at the ceiling there was pressure on the deferred months. This is the spring of the year, and during the month of May vegetation generally looks at its best. It might even influence farmers' psychology to the extent of heavier offerings.

Wheat prices were 1 1/4 to 1 7/8¢ per bu lower.

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April 14, 1944.

With the feeling that the invasion date is now imminent, more and more thought is being given to the probable length of the war and the post-war conditions surrounding the grain industry. The time at which fighting will cease on the Continent will have an effect on the immediate food demand of the conquered and invaded countries. Should the cessation of hostilities come at a period when harvests have been gathered, and Germany has been able either to carry away or destroy crops, the emergency demand from the Continent would be more urgent. From the meager reports which are received during wartime, it appears as though most of German-occupied Europe has of necessity increased its production of bread grain. The German economy, where invoked, has stimulated the use of bread for food, with its high caloric content, against the more extravagant use of grain for livestock feed. Should the Germans not be able to carry off this year's production, it is very likely that the demand from Europe would be more for feed grains rather than for bread grains, and this demand should continue for some time in order to rebuild the cattle population. In England, the British Ministry of Agriculture, according to Broomhall, has indicated that the wheat crop of the United Kingdom had been increased 86.5% by the end of 1943. In the five-year period (1934-1938) the average area sown to wheat was 1,861,000 acres, and the increase would indicate approximately 3,472,000 acres. While the demand from Europe may not be as large for wheat, there is a great potential possibility in the Asiatic countries, where millions of people have never used an adequate amount of bread in their diet.

In this country no solution has yet been found for the critical situation caused by the dislocation of corn. Yesterday, six government agencies met with War Mobilization Director Byrnes in an attempt to find a remedy, but a deadlock ensued from the conference. According to present reports, the problems put before Mr. Byrnes were: 1. Should corn price ceiling be increased? 2. Should the War Food Administration offer incentive payments to farmers to market their corn now? 3. How can government bring livestock numbers in line with available feed supplies? 4. Should the War Production Board issue import quotas for shipment of Argentine corn into this country, and at what price? Country marketings of corn still remain small, and feeding is more attractive to the producer than selling his product to industries.

As far as our markets are concerned, rye still occupies the center of the stage, although at the present level, new buyers do not seem to be attracted. There is still no indication of any enlarged use of rye for either feeding or for distillation. According to Dr. Walter G. Whitman of the Chemicals Bureau, the beverage industry had produced enough alcohol to meet the entire synthetic rubber program for both military and Lend-Lease requirements from January 1942 to April 1, 1944 although he warns that serious problems still impede production to complete the 1944 program. However, the subject of the alcohol program seems to be a matter of discussion, and it is intimated in some quarters that there may be investigations to find out if there have been attempts of pressure groups to block the production of alcohol from wood waste. In this country we lean more heavily on grains for the production of alcohol. However, Canada, which started making synthetic rubber from alcohol derived from wheat, later changed over to petroleum, and the Honorable C. D. Howe, Minister of Munitions, in the House of Commons, recently stated that synthetic rubber is being made from petroleum at one-third of the cost at which it can be made from wheat.

Little attention was paid to statistics. After early weakness there was some buying on rumors that Canada might restrict shipments of wheat to this country. Our inquiries disclosed that the only limitation was the availability of wheat in position for immediate loading. This is quite natural but with more than 50 million bu of wheat now at Fort William and Port Arthur we cannot see that the news should have any bearing on our price level. There was a fair trade in May wheat; possibly the action in Minneapolis July wheat yesterday scared some of the longs.

Rye was also weak at the start, but short covering gave us a rally, although nothing very spectacular.

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CHICAGO April 17, 1944

While a great deal is said about prices and the relative success that various agencies have had in maintaining economic equilibrium during wartime, it must still be recognized that cash income from marketings, excluding any government payments, stands at about 350%, using as our index the period from 1910 to 1914. Agricultural production increased 21% in 1943 over 1939, and it was the greater increase in this production which compensated for the smaller increase in prices during the present war period, which resulted in nearly the same relative increase in cash income as during World War I. Most of the factors were completely different, and while we have not exported grain on a heavy scale during this conflict, as was the case twenty-five years ago, we have fed ever so much more to animals, and likewise grain has been used for purposes of distillation, which helped in absorbing the surpluses previously built up. We may have reached a point now at which livestock feeding will proceed on a diminished scale.

A recent survey made by the Department of Agriculture shows a 23% reduction in the number of cattle on feed as compared with a year ago. It is a little difficult for us to reconcile the figures owing to the fact that there were more animals on feed on January 1st, but possibly the Department intends to tell us that there has been a reduction in the number of animals which have been sent into the corn States for finishing purposes. Undoubtedly, the less favorable relationship in feeding ratios is bringing about such adjustments, and after all, we cannot afford to continue dissipating our supplies on the same basis as we have during the past twelve months without running into great difficulties. We say this even in the face of satisfactory crop conditions and probably a smaller amount of winter killing than in many recent years. Even in Nebraska, where wheat did not recoup as much as elsewhere, present reports indicate abandonment of only about 8% in the Northwest, although in the South Central areas, it is much heavier, reaching about 57%. It is doubtful whether the total for the country will exceed about 15%. In Illinois winter wheat is above average, and the loss of seeded acreage has been very small.

When our market opened this morning, prices were slightly reactionary, and there was a fair amount of May wheat traded, with one house prominent, apparently liquidating long contracts. Rye acted as though it wanted to break but one of the retarding factors in our opinion is the very large holding of cash rye by the leading food concern, which is tending to create tightness in the nearby future. We have not seen any evidence of their activity in additional buying of futures, but, nevertheless, the consciousness that one firm has a concentrated holding is apparently a determining influence on the behavior of certain individuals, and thus we have a very large open interest. The psychology prompting such action may be on the theory that if enoug May rye is held, it will be difficult to make sufficient deliveries to satisfy the large open interest, and so May rye is selling at a substantial premium over the deferred months, while ordinarily with big supplies in Chicago, it would be natural to expect just the reverse. In other words, the strength seems to emanate from somewhat unnatural causes rather than any broad demand for cash rye.

Primary receipts, just short of 2 million bu, were the same as last week, and last year. The visible supply was late in being posted, but Chicago wheat stocks decreased 338,000 bu, still leaving 8 1/4 million bu here. There was an increase in the Chicago rye stocks of 487,000 bu - a little less than the decrease in bonded stocks. In the two positions there is nearly 12 million bu at this market. Apparently little attention is paid to this factor.

Markets were generally easy, and while there was no particular pressure, crop prospects remain satisfactory, and there was some moisture in the Southwest, with snows reported in many sections. This may delay seeding operations, but dry weather generally follows, and germination should come quickly, with the wet seedbed. Final prices of wheat showed a decline of 1/2 to 5/8¢ per bu lower for the deferred months.

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CHICAGO 4,Ill. April 18, 1944.

The question of distribution is still very important to grain markets, and while our own surpluses are being largely reduced through feeding operations, we could certainly help ourselves out in a liberal way if boats from the Argentine or sufficient transportation with Canada were available. The Argentine corn crop, according to official estimate, is large enough so that notwithstanding some to be used for fuel, an exportable surplus of 220 million bu may be reached, taking into account both old and new crops. Last year at this time the net figure was only about 130 million bu, but the main question is still one of tonnage, and figuring that it takes four vessels to bring in about one million bu, it can readily be seen that this is still a man-sized task, with many war essentials getting priority. On the other hand, there have been a good many large industries closed because domestic corn was not forthcoming. Even candy, which has been largely dependent upon corn syrup in the absence of sugar, is beginning to feel the pinch, and, of course, this is a most important item in wartime to keep up the morale of workers at home, as well as the spirit of men on the fighting fronts. There was some talk yesterday that WFA might attempt to solve the problem by sending out shelling and hauling crews into parts of the corn belt to encourage farmers to move surplus stocks to market more rapidly. Of course, this would also take a considerable amount of manpower in order to go to individual farms, and after all, it would be a partial evasion of the ceiling to the extent that producers would actually receive a better price for their corn through this method than if they shelled it themselves and hauled it to the elevators in their own trucks. We understand that OPA is opposing it on those grounds, but it all goes to show how tight the situation is. Oats and barley are equally tight, and even imports from Canada will help only partially, since the amounts which can be brought here are limited. This again is a matter of transportation and not due to any shortage of Canadian supplies.

As of April 1st, Canadian wheat stocks in all North American positions totaled 545 million bu, although it was a decrease of 217 million bu from last year. Total stocks of Canadian oats amounted to 256 million bu, the grain all being located in Canada. Barley supplies were up to 116 million bu, with a small quantity in the United States, but despite these big stocks, Canada is reluctant to sell too much except where the grain is available in shipping centers. Also, the asking price is high, and they are seeking to get 90 3/4¢ a bu on oats delivered at Buffalo, which is fully up to our ceiling levels, and prices elsewhere in this country would be at appropriate transportation differentials.

When our market opened this morning, there had been further moisture reported in parts of the Southwest, and a few snows running to the depth of a foot at Norton, Kansas, which is quite exceptional at this time of year. We are certain that while it may retard spring work, it must be doing wonders for the winter wheat crops, and later estimates may show the results of this beneficial weather.

There is great secrecy surrounding the invasion plans, all of which is to be expected, but apparently every day brings us closer to the attack, and to that extent the war is that much nearer an end. The stock market was slightly lower, but we believe grains responded more to other factors.

Primary receipts were 2,233,000 bu compared with 3,274,000 bu last week, and 1,196,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 204,000 bu.

Markets were inclined to be easier, especially the new-crop deliveries of rye, but there was short covering in May and July, also some support, and it seems that out-of-position hedgers are being squeezed, although there is no great strength in cash, and the large open interest in May is somewhat of a mystery to most people. There probably was a small trade in May wheat, but nothing like yesterday when the total volume was 903,000 bu. July and September wheats were lower, and there was no active selling, but with the milling demand draggy there was likewise no important support.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. April 19, 1944.

During the past two years a large number of people have left farms, either for the purpose of entering industry, or else have been called to the armed forces, with the result that many now remaining in farm labor do not have the same work capacity of those who were formerly employed. However, in statistics which the Department of Agriculture publishes from time to time, they are counted just the same as the experienced help of pre-war days. It is also necessary to explain that when statistics are published, they represent the total number of persons ten years of age or over regardless of sex, who are engaged in farm work for two days or more of each week, but they do not include exchange workers or persons who are primarily engaged in housework, and who, therefore, do not go into the fields. With this in mind, we find that the number of unpaid family workers on April 1st was 7,401,000, and it was only about 3% less than the average during the period 1935-39. Being fully conscious of their problem and anxious to carry on a war-time job, the efficiency of these people may be nearly as great as normally, but we are afraid that the hired farm employment is in a different category, and there are 1,679,000 such persons --a drop of about 16% from the four-year period prior to hostilities. The decrease came mostly in the past year, being about 10% less now than it was on April 1, 1943. Thus, it is quite obvious that even though production of crops will probably be maintained, it will be less easy to care for animals and to feed them. Furthermore wages are very high, and the index stands at 292% of the 1909-14 average, and it is about 53 points higher than it was on the first of April a year ago.

This situation combined with the scarcity of feed grains, is probably responsible for a drop in feeding operations, and in today's gossip another State is mentioned: namely, Kansas, where there are 28% less cattle on feed than was the case last year at this time. There seems to be a general feeling that there is not enough profit at present levels to continue operations on such an extensive scale, with a shortage of protein supplements, and a lack of wheat pastures in western counties last fall. Liquidation of cattle was about the only course open to farmers. This, in our opinion, will have its effect as time goes on, the same as the tremendous increases were responsible for heavy feeding of wheat, as well as all other grains.

When our market opened this morning the carry-over feeling from yesterday was slightly bearish. The milling demand has continued almost at low ebb for several weeks. Even present contracts on the books, whether for government account or for private trade, are slow in receiving shipping orders. This further tends toward discouragement, for under these circumstances it is not likely that new business will develop soon.

In rye, the old-crop deliveries have been relatively strong. It is thought that the same big holders who have supported this market, may also have made extensive purchases in Canada, Should these operations prevent the flow of Canadian grain to the United States, and should these parties accept tenders on May delivery in Chicago, with the idea of holding the grain, it might make our situation in July extremely tight regardless of what the actual demand for rye is at that time. This is especially true if the new crop is at all late.

Primary receipts were 1,567,000 bu, or nearly the same as last week, when they amounted to 1,562,000 bu; this compared with 1,150,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 397,000 bu.

There was not much pressure in wheat; in fact, a little buying which probably represented removal of mill hedges on overnight business, but volume was again small, and we note that yesterday total trade was only about 4 million bu. There was some May liquidation in rye, and the open interest yesterday was reduced by 624,000 bu, but with 16 1/2 million bu still open, longs are getting out very slowly. There is still no solution to the corn problem confronting the country; only heavier selling by farmers can finally do the trick. Allocating supplies may help some industries, but will create more difficulties elsewhere.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY.
Chicago 4,Ill.

April 20, 1944.

According to news dispatches from Washington, there is less and less emphasis being placed upon reserves for future undefined needs. We believe that this has been reflected for some time, insofar as it related to flour. There is no immediate prospect for buying orders to take care of Lend-Lease requirements, and while both Army and Navy have made substantial purchases in the past, this may have been in connection with the invasion reserves, but despite some forecasts that the buying would keep up, we can now safely say that there has been an extended lull in any new business, although some encouragement may be gleaned from recent improvement in the deliveries against old contracts, but yet not sufficiently optimistic to suggest any early change. We are also told now that in official quarters, it is believed that not nearly so much food will be needed for European relief feeding as was thought earlier in the war. It was pointed out that the Secretary of Agriculture had stated on several occasions that American food would win the war and also write the peace. More emphasis is now placed on the acquisition of such requirements from other sources, not only because our own supplies have been reduced, but probably also for the reason that other surplus nations have accumulated foodstuffs during the period of difficult shipping conditions, and very likely they will force their sales the moment tonnage is available.

In the Argentine there has been considerable discussion on the advantage of seeding a larger acreage to wheat and linseed. This is prompted by the already improved shipping situation and the prospect of extended markets for grain when the war ends. Canada, too, will have a tremendous carryover of wheat, which may not loom large during war, but which will look completely different as soon as hostilities have ended. For the moment Canada could doubtless sell unlimited quantities to the United States, at least to the extent of availability of transportation. As a matter of fact, we have imported 182 million bu wheat, oats, and barley since August 1st, and of this quantity wheat alone amounted to 133 million bu. Some of the grain may be re-exported, but the bulk of it undoubtedly was intended for consumption in this country to take care of feeding requirements. The greatest difficulty is in getting grain from country points to Fort William and Port Arthur. During the past week, ships reduced wheat stocks in those ports to the extent of 4 1/2 million bu, leaving about 48 million bu still there. Taking into account other grains, such as rye, barley, and oats, there is 72 million bu stored at the head of the lakes, but additionally, there are 5,000 to 6,000 cars of wheat alone waiting to be unloaded, and the daily arrivals amount to 600 or 700 cars, and apparently it is manpower also which is causing such congestion.

We are also faced with various problems in this country, and yesterday the arrivals at Buffalo amounted to 1 1/2 million bu, mostly Canadian grain, which boosts the total for the week to 6 million bu; even with the vast storage capacity at that point, it is feared that a continuation of a heavy movement will also bring about congestion at that terminal. Despite the shortage of feed grains and our heavy imports, we have also cleared close to 59 million bu wheat in forty-one weeks, indicating that under certain conditions there is still a demand for our grain.

Primary receipts were 1,435,000 bu compared with 2,487,000 bu last week, and 1,020,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 375,000 bu.

There was very little news except that heavy precipitation was reported in many parts of the Southwest, and there is as yet no sign that weather is definitely clearing. Light showers are expected in the Central States, and delayed seeding, together with tightness in feeds, had a little bullish influence. Wheat prices were finally 5/8¢ per bu higher.

Rye trade was not particularly active. There seemed to be scarcely any liquidation in May, and the open interest in that future is still 16 1/4 million bu. Prices were firm, not so much from new buying, but rather lack of any profit-taking. The open interest is large, and is about 20 million bu greater than in wheat, which shows that speculation continues to center in this grain.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY
Chicago 4, Ill.

April 21, 1944

Weather over the Southwest and Central States remains mostly cool and wet. We doubt whether there has been a time in recent years when Kansas has received as much moisture as it did during the month of March this year, roughly about 200% of normal. Generally speaking, the rain and snow when it falls is not so evenly distributed, and after all, Kansas is a very large State. The west portions are semi-arid, and very often suffer even when there is good relief in the central or eastern sections. This year, however, practically all counties shared the excess, and it also continued during the first weeks of April, so that the wheat crop should be in wonderful condition now, and it will probably be reflected the moment we get a period of growing weather. We talked to a farmer yesterday about the incessant rains in this part of the country, but he told us that last year his oats were not planted until about May 1st, and yet he had a very good crop. There is always more to worry about when it does not rain than when it does, and there is an old saying that when producers complain that they have had too much moisture, the chances are that they have had just about enough. Clearing skies are indicated for the West by late afternoon tomorrow, and since the farmers are about two weeks or more behind usual schedule, any change will be very welcome. In connection with the cool, wet weather of the week just closed, we are reminded that a similar condition prevailed during the corresponding week of last year, except that temperatures were much lower at that time and frost was unusually widespread, and then it was claimed that there had been very damaging effects over the South Central portions of the country. Little harm was done to grain crops, although the freeze was largely responsible for the extremely small crop of early fruit in 1943.

The Northwest and Canada have not been benefited to the same extent. There are some complaints on this side of the international border, and from Canada they tell us that during the week there was no rainfall reported over the greater part of the Manitoba agricultural region, nor in most of the west central sections of Saskatchewan or the east central parts of Alberta. For two weeks in a row, it had been more or less dry. There were some rains, although moderate in the Peace River district, but the oldtimers say that more moisture will be required with intermittent regularity.

When our market opened this morning prices were unexpectedly lower. There had been a good deal of short-covering in rye by local interests yesterday, and without any fresh buying early today the market sagged. It seems for the last three months, a certain clique has been bullish, and apparently their reasoning was that a shortage of feed grains might increase the demand for rye. They also talked hopefully that liquor manufacture might be permitted, and lastly, they were using their efforts to encourage the use of rye for industrial alcohol. It is difficult to bull a market eight or ten times on the same news, and some feel that the market has gone stale. The fact that it does not break may be attributed to the concentrated holdings , and there is apparently considerable confidence yet by those who may be influenced by inflationary tendencies, feeling that when the war is over, everything may advance if restrictions are relaxed. It has always been our judgment that in making a hedge against inflation, it is better to own something that is in good demand than an article which is little wanted.

Primary receipts were 2,308,000 bu compared with 1,758,000 bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 377,000 bu. When the visible supply of wheat is posted Monday, it will compare with a shrinkage a year ago of 3,674,000 bu.

There was moderate buying in various pits after mid-session. One prominent commission house had a big order for the purchase of December rye, and this was a sustaining influence for a time.Toward the last there was a report, although we cannot confirm it, that some rye now being loaded in the Argentine is headed for the United States. It seems difficult to believe that rye would receive priority when feed grains are so much more in demand. Final wheat prices were 1/4¢ per bu higher to 1/2¢ per bu lower.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY
Chicago 4, Ill.

April 21, 1944

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UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY.
Chicago 4,Ill.

April 24, 1944.

All feed grains, including wheat, have reached a point where users are begging for supplies and are willing to pay almost any price to get them. There have undoubtedly been "black market" practices through the trucking of corn from one farm to another,but possibly the new method of handling corn will alter this. WFA came out with a ruling today, which provides that the CCC will be the only legal purchaser of corn during the next sixty days, at least in the 125 counties of Nebraska, Minnesota, Iowa, Illinois, and Indiana; in other words, those sections where it is thought that the bulk of the surplus supplies are still stored. The CCC will also subsidize sales by paying for shelling and transportation costs, and it is estimated that this will constitute a bonus of about 5¢ a bu. The question then arises as to how these restrictions will affect feeders, but as we understand it, they will have to present evidence of an emergency, and if they can show sufficient reason for acquiring corn immediately, this can probably be arranged through the county agents. Time alone will tell whether this new scheme will provide corn necessary for industrial purposes. The movement from farms during the past few weeks has been far below commercial needs; and even the method whereby 60% of the receipts at country points were requisitioned for processors did not seem to supply sufficient grain. Corn is so vital to the war effort, and it goes into the production of nearly every weapon, that drastic action is necessary, although it is somewhat encouraging to note that the hog population is decreasing; therefore, the feeding may not be on such an extensive scale. This news had very little effect upon markets. There was some selling early, and it is felt that the heavy rains have improved the wheat crop outlook materially. There was as much as six inches of moisture in parts of Kansas, although we understand that skies are clearing, and also the Central States, which were visited, should clear by tonight or tomorrow. In the meantime, fields are so wet that farmers cannot plant their oats, and further delays are imminent. Undoubtedly some of the acreage which was intended for oats probably will be planted with corn or soybeans, especially in Illinois, although as a matter of fact, oats seeding would not take long once the fields dry out sufficiently so that they can be worked.

It is interesting to note that of 129.8 million bu wheat impounded on this crop, 94.5 million bu has been redeemed, which leaves only 35 million bu still frozen. This is all the result of satisfactory price ratios and would indicate that if next season's loan is in the neighborhood of $1.48 a bu at Chicago, very little grain will be tied up. For this reason the deferred futures are selling at a discount under the maximum price established by OPA, although currently it is still very difficult to buy cash wheat in any part of the country Price is always a most important factor, and during the current season, we find that the loan program was much less of a factor than in other years. In 1942-43, there had been 406 million bu wheat impounded,or more than three times as much as this year. Likewise, the previous defaults were quite heavy, which put grain into the hands of the CCC for its feeding program, but we are inclined to believe that everything has changed in this respect; therefore, we shall have to depend much more on imports if wheat is to be fed extensively.

The market was intermittently strong and weak within a rather narrow range, and trading was not at all active, although somewhat better than on Saturday when only 6 million bu were transacted in all pits. There was some buying in July wheat by locals, and also some which appeared to be removal of hedges against flour business, but on moderate advances there were also realizing sales, and at the last prices were very little changed from the previous session.

The deferred rye deliveries seemed to be under pressure, while May and July gave grudgingly. The open interest is still very large in the nearby months, and we understand that two more cargoes have arrived from Canada, which are either unloading or about to do so. As near as we can judge, there has been about 3/4 million bu received here in the past week.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY
Chicago 4, Ill. April 25, 1944.

OPA is holding meetings here in Chicago to discuss prospects for a permanent price ceiling for oats, and according to gossip, they still figure that the new maximum will be lower than the temporary ceiling and more in line with parity. Whether this will become effective for the old crop is difficult to tell. As matters now stand, oats are almost impossible to buy, and the ceiling at 82¢ here in Chicago has kept the market frozen for many weeks. Therefore, any rollback would simply aggravate things rather than help, and we believe for that reason if any action is taken it will relate only to the new crop. Even if that is the case there are certain inherent dangers owing to the fact that this has been such a wet spring that farmers have been unable to get into the fields

As we have pointed out from time to time, unless the weather clears soon a good deal of the acreage that was intended for oats may be sown to corn or to soybeans. This may not affect the over-all feeding situation, but it could easily create tightness in oats. When we first started this tremendous feeding program, we believe that the experts were fully mindful of the fact that it took seven pounds of grain or forage to produce a pound of meat. Supplies of grain were so bountiful at one time that probably many figured that they were inexhaustible. Even those who were farsighted enough to caution against this were warned of the tremendous stocks in Canada upon which we might draw. Two things ruled against this. First of all, the question of transporation, and secondly, the disappearance of Canadian feed grains was also much heavier than anyone had dreamed of. The supplies of oats in Canada at the beginning of the 1943 season were placed at 651 million bu. There had been an unusually large carryover from the record 1942 crop. However, by the end of March this year, there was a big reduction, with supplies down to 255 million bu. If Canada has a disappearance equal to that of last season from April through July, it would cut the Canadian oat stock to 12 million bu, which would be considerably less than the ten-year average. The same story applies to barley; Canada had a crop and carryover of 284 million bu, with supplies at end of March reduced to 115 million bu, and a similar consumption to last season from now until end of the crop year would leave a carryover of only 17 million bu. In these circumstances, it is quite obvious that the amounts of grain which we can get from Canada are limited, and this applies also to wheat in which heavy inroads are being made on Fort William and Port Arthur stocks, and, of course, European requirements must be filled largely from that source.

There was some rain reported overnight, although many districts had temporarily cleared, but the map is not too hopeful, and while it is rather favorable for a period of dryness over the Central States, it does look as though showers are likely over western areas. These will be accompanied by somewhat higher temperatures all through the West. Despite the floods which are being reported, we are reminded of a farmer who was once asked whether he thought it would ever stop raining; his answer was, "It always has in the past."

Primary receipts of wheat were quite substantial at 2,590,000 bu compared with 2,233,000 bu last week, and 1,555,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 202,000 bu. The visible supply which was only posted today, showed an increase of 2 3/4 million bu for the week, but this had very little influence.

There was a fair amount of local short covering, possibly inspired by the wet weather which is giving us a late season, but in addition to this, though was directed toward the possibility of a rollback in oat ceiling prices. Some reasoned that if this were done, it would make the feed grain situation even tighter, and that possibly wheat and rye might, therefore, be in greater demand. On the other hand, the moisture must be doing wonders for the wheat plant. Final prices were 1 3/8¢ per bu higher.

Oats were quite weak at one time due to fear of OPA action, but this cereal also had a fair rally in sympathy with the strength in other grains.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY
Chicago 4, Ill.

April 26, 1944.

When WFA announced a few days ago that it was appealing to farmers for corn which was not required for their own needs or for feeders in the immediate vicinity of their farms, there was no mention made as to the manner in which grain would be brought forward from country to either terminal markets or to the plants which are manufacturing critical war materials, and which require corn with the utmost dispatch because of the scarcity of supplies. Now we have confirmation that CCC will permit it to be handled through regular trade channels, although, of course, the designated purchasers will be the only ones who can acquire the corn under this plan. It may take a few days before this is fully understood, but at least it is encouraging that the grain trade, with its various facilities, has been given consideration, for obviously this is much more efficient than if new agencies had to be set up. We noticed today that the primary receipts of corn in all markets are only 98,000 bu. This is practically unheard of, and while we have not reviewed figures to substantiate our claim, we feel that it must be an all-time record. Probably unintentionally some farmers sold grain to their neighbors above the market, which had always been a permissible practice in peacetime. Of course, with ceiling prices everything has been changed, and with the processors placed at a disadvantage, because certain feeders were overpaying the market, it caused many of the important industries to close their doors. We believe that there is going to be some relief in this direction, but it will also mean that many more animals will have to be slaughtered.

Today, there were 141,000 hogs received at the principal markets compared with 98,000 last year, and we understand that Peoria has become embargoed, and that even Chicago, where they can take care of many thousands of hogs daily, there were 13,000 left over from yesterday, and heavyweight hogs are quite weak. We are beginning to appreciate that a total hog population in this country of 125 million was too ambitious, taking into account the amount of feed grains and wheat which was available. Now that the Canadian situation is also becoming tighter, at least, with regard to oats and barley, we can hardly expect to keep animals alive, using the same quantities of wheat which have been consumed in the current year. The government figures that our total wheat consumption in 1943-44 will be about 1,260 million bu. Even granting that wheat prospects are very satisfactory, and that we may raise a total spring and winter wheat crop of 850 million bu, this when added to the likely carryover of 300 million bu would give us a total supply of only 1,150 million bu. Then if we add 100 million bu which is likely to be imported from Canada next season, it would make the grand total 1,250 million bu, or actually less than the disappearance in the current crop-season. Also, with the possibility that the war may be over within the next twelve months, we must have some reserve supplies. If we continue to consume on present basis, there would be absolutely nothing left; therefore, we can see only one outcome: namely, the continued liquidation of animals on a far greater scale than is taking place at the present time.

Primary receipts of 1 1/2 million bu were about the same as last week, and compare with 960,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 381,000 bu

There was not much news, except that weather continues unsettled, and a fair amount of rain was again reported in parts of the Southwest, with a forecast that this may continue for another 24 hours. It is also likely that we may experience some showers in the Central States, all of which is delaying spring work. It had very little influence on markets, although the oat outlook is far from promising because of persistent wetness, and there is still considerable seeding to be accomplished. There was likewise little attention paid to a report that stocks of wheat in interior mills and elevators show less than any year since 1935-37, the drought period. With about 217 million bu of wheat on farms, and a pretty large visible supply much of the grain in the country is now accounted for. Final wheat prices were unchanged to 1/2¢ per bu higher.

There was great indifference in oats, despite the weather. At times rye was weak, at least for the deferred months, but there was a fairly good undertone. There is not very much trade, as there are too many artificial conditions.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN COMPANY
Chicago 4, Ill.   April 27, 1944.

There was no particular grain news overnight, except for the fact that weather had been more favorable than anticipated. In the Southwest, there was about half an inch of rain in east central sections of Kansas, but elsewhere it was reasonably dry, and also quite favorable in the Central States, where, too, the weather man had not been so optimistic. It is, of course, getting late in the season, and unless fields dry out, there is always the danger that some areas which had been intended for oats will go into corn or soybeans. But yet, we have heard a number of people claim that seeding of oats as late as the first week in May often brought good results, and the chances are that we sometimes forget what has happened in other years.

In any case, there had been a fair amount of short covering in recent sessions due to the excessive moisture conditions, and with very little pressure from any source, whatever small amounts of July and September wheat were wanted by mills caused more than the usual fluctuations, and thus some of the recent strength may have been somewhat technical in character. If anyone would go on the assumption that the disappearance of wheat during 1944-45 would be up to 1,250 million bu, or the same as in the current season, of course, it would be the basis for very bullish arguments. First of all, we know that it would be impossible to have any such intentions based on present crop prospects and the possibility of importing anywhere from 100 to 150 million bu from Canada. Furthermore, what is happening now can only be regarded as being very exceptional from point of view that we are consuming 470 million bu for animal feeding, which is practically as much as is used in most years for human consumption. As a matter of fact, we generally feed only 117 million bu, and are convinced that we shall have to go in the direction of more moderate consumption, which is only possible through heavy and continued liquidation of animals. The hog slaughterings a year ago were at a record high, and are even greater now. The question arises what the capacity is for packing houses so that we can get our house in order. Obviously, a hog population of 125 million was far in excess of anything we could afford except in those years of tremendous accumulations.

Little is said about weather or crop conditions in the Northwest, but many stations in advanced spring wheat areas report that the wheat seeding is about 75% completed, and many others claim that 50% has been accomplished. The later stations up in northeast North Dakota find that seeding operations are just about well started, but if weather continues favorable for another week, it may soon be completed. They have a rather dry topsoil condition, especially in central Montana and while this is not important coming so early in the season, it is quite obvious that intermittent moisture will be needed. Whatever rains occurred over last week-end hit only Minnesota, eastern South Dakota and southeastern North Dakota.

Rye trade has assumed smaller porportions. The public cannot outguess what the big operators have in mind. It is quite possible that 4 to 5 million bu rye may be delivered on May contracts during the month, and this would be in addition to what one of the large food concerns has already taken on previous occasions. There is some rye moving from Canada to Buffalo and about 3/4 million bu has already been received since the opening of navigation, with more working. Thus if anybody urgently tried to sell cash rye from this market to the East, it might prove difficult to move it in commercial volume, but so long as muscle is being used, the outcome is very uncertain.

Primary receipts of wheat of 1,539,000 bu compared with 1,435,000 bu last week, and 1,103,000 bu last year. Primary corn receipts amounted to only 127,000 bu.

Hogs, which for months were very strong, have had a complete reversal. The bulk of sales today were from $12.25 to $13.75, but the heavyweights at $12.25 established a new low on this move. This brings to mind that if farmers ever have a change of heart in wheat, the present strength may also be dissipated.

In the meantime, there is some encouragement because of high prices for rye, but this is the result more of muscle than of actual demand. It is thought that the same interests who are long our May rye are also interested at Winnipeg, and stand ready to take delivery of large quantities in Canada also.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 28, 1944.

There was very little overnight news in grain except that weather was mostly clear everywhere, and while a few showers are forecast, the barometer has risen to some extent. It is a little more hopeful now that field work soon can be accomplished.

After the close of the market yesterday, parity prices were announced, and although they were similar to those prevailing a month earlier, they were in reality about 1¢ per bu lower, owing to the fact that March national parity levels were also reduced from the preliminary estimate. It is also worth noting that prices received by farmers for agricultural commodities failed to rise during the month ended April 15th, and for the first time since December 1939, they were below the level of the corresponding month a year earlier. This did not have much influence upon markets here, although before we opened, cotton was a few points lower, and it must always be borne in mind that the loan price of basic commodities is based on the parity levels. The way we figure wheat, an 85% loan on the farm, figuring the present parity rate of $1.50, would make the price $1.27 1/2, or about $1.46 1/2 at Chicago, if we use the same formula of 19¢, which has been established for various other costs between the country and the Chicago terminal. A good many people naturally figure that with the government estimating the winter wheat crop slightly in excess of 600 million bu, and the possibility that it may reach 650 million bu or more with the added moisture we have had, the situation next summer will be quite different from other years. In other words, more will come into commercial channels and less will be impounded. Also, there was 217 million bu wheat left on farms, according to the last estimate, and while this is presently held back, there is no assurance that farmers may not change their minds after they have finished with their spring work, particularly if crop prospects remain favorable.

In view of all these considerations, wheat prices were rather indifferent, and even rye, which had been quite strong yesterday, failed to show further recuperative power at the opening, possibly for the reason that a good many shorts have undoubtedly covered. Steamer Kickapoo has cleared from Fort William to South Chicago, bringing in 250,000 bu. As near as we can figure, the total rye destined to our market since opening of navigation amounts to about 938,000 bu. The longs apparently are confident of their position, and therefore, the May delivery is liquidating slowly and is being maintained at a substantial premium over other months.

Not much has been heard or said of Canadian spring progress, although seeding should be general over the west by the end of next week. Dry weather is permitting farmers to be in the fields, and the generally sunny weather over the west has even speeded operations in the Peace River district, where there had been some delays owing to moisture. It seems there has been a substantial excess of rainfall in this Peace River district since April 1st; also in north and east central Saskatchewan, but the precipitation has been 50 to 95% below normal for the remainder of Saskatchewan and Alberta. Under these circumstances, it must be felt that moisture conditions generally over the three Prairie Provinces are not good, and it is to be hoped that early rainfalls will improve the outlook as we come into the growing season.

Primary receipts amounted to 2,034,000 bu compared with 2,308,000 bu last week, and 1,186,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 678,000 bu. When the visible supply is posted on Monday it will compare with a very heavy shrinkage last year, which amounted to 4,838,000 bu.

There was very little activity in wheat, but in this respect no change from recent sessions. Yesterday only 1,334,000 bu was traded in the wheat pit for all four futures, or hardly as much as a single house would handle in normal times. The bulk of the trade continues in rye, with slightly over 8 million bu transacted, but with 14 1/2 million bu still open in May, this future is very uncertain.

There continues to be considerable comment upon the lateness of the season, and this is true also in our Northwest, where moisture conditions have not been particularly favorable. Van Dusen Harrington point out in their weekly letter that while early seeding is preferable some of our largest crops have been raised following a late start, and with modern power machinery seeding operations can be accomplished very quickly. Given a short period of warm, drying weather very rapid progress would be made toward completion.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

May 1, 1944.

There was not a great deal of news over the week-end. Some people had anticipated important political developments in Europe, owing to the fact that increased bombings have unquestionably brough the invasion nearer at hand. Mr. Bevin, British Secretary of Labor, referred to the timing as that of an hour-glass, where it was simply a question when the last sands would pass through the small opening. However, when traders came to their offices this morning, they had t draw on routine news, and since there had been considerable moisture over the week-end, this was analyzed to see whether it was good or b for crops. In the Northwest, it was extremely welcome, because seedi has progressed quite rapidly and the ground has been very dry for ma weeks. The same is more or less true in Canada, although possibly spring work has not gone so far along. In any case, there were light rains in Alberta, as much as 1/2 inch in many sections of Manitoba a one inch of moisture in Saskatchewan, which should all pay good dividends as the season continues. However, the moisture in the Central States and in the Southwest was not wanted, and particularly so in the Central States where the oat seeding has been delayed time after time, but the forecast is not too bad, and not a great deal of attention was paid to the additional rain, particularly since many parts of the Southwest are now clear.

First prices were very little changed for wheat, but higher prices were recorded for rye, and it seems that of the 3 million bu that had been tendered on Saturday, one house stopped the bulk of it taking about 2 3/4 million bu, but previous action in the pit was su that this came as no surprise. The fact that the market does not respond much is possibly more surprising, but very likely some of th urgent short-covering has taken place, and since the cash demand continues rather poor, it is difficult to inspire much of a following. The open interest in May rye is down to about 12 1/2 million bu, but when today's deliveries are taken into account, and with some evenin up of commitments today, we expect that the new open interest, which will be published tomorrow, may show about 9 million bu still open. This is still fairly big but reduced considerably during the past we and then there may be some more rye for delivery later in the month and possibly some even coming down from Milwaukee if space can be found here. There seems to be confidence yet amongst holders for the reason that on April 1st rye stocks had been reduced to 36 1/4 milli bu. This compares with 42 3/4 million bu on January 1st. The amount terminals is practically unchanged; in fact, a little larger now th it was at the first of the year. Interior mills and elevators show reduction of 1 1/2 million bu, but the main shrinkage aside from possible imports, seems to be on farms, which is natural owing to the scarcity of other feeds. However, it is significant that once the rye comes to terminals, it seems to stay there, and this we think ma be the case for a long time to come. Usage for alcohol did not develop as some had thought, and with restrictions in the manufactur of whiskey, terminal stocks may remain large.

Wheat is beginning to joint as far north as some of the southern counties in Kansas. The Santa Fe report estimated the whea crop for Kansas at 150 million bu, or a little more than the last government report.

The visible supply was late in being posted. Wheat stocks a Chicago showed very little change. There is less than one million b of corn here, and only 420,000 bu of oats. The one cereal which we have in abundance is rye, with 12 3/4 million bu in regular stock, b nothing in the bonded supply; this was an increase of about one million bu during the week, and probably is Canadian rye which has come to our market.

Trade was again rather slow, and there were no important developments. Final wheat prices were down 1/8 to 1/4¢ per bu, whil rye declined about 1/8 to 3/8¢ per bu.

Receipts of hogs at twelve markets were 159,000 compared wit 114,000 a week ago and 110,000 a year ago, and only 79,000 two year's ago. We believe that the liquidation of animals must continu

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CHICAGO MERCANTILE EX.

May 2, 1944.

It has often been argued that price is not an important factor with relation to the movement of the crop and general distribution. The fact remains, however, that since time immemorial it has had a very decided bearing on the farmer's psychology. When prices were high, acreages were expanded, and likewise, during period of depression land was neglected, less fertilizer was used, and there was a general contraction in the sown acreage. In more recent times we have seen a direct relationship between the loan price and the amount which came into free channels of trade. Even when the grain was impounded, price was paramount, and the best example is in the current season when 129.8 million bu wheat was frozen originally, but because of a favorable market there has been 98 million bu redeemed, which leaves less than 32 million bu still tied up. The result is that with the carryover of about 300 million bu, it will be considerably smaller than the reserve stock a year ago, but, nevertheless, almost all the wheat will be free. Despite this fact, the movement from first hands is very small, and, indeed, a grain man has to be almost a magician to get the farmer to part with his grain. However, there is also a certain psychology in holding back: namely, that ceiling prices have prevailed now for so many months that a good many farmers are lulled into a sense of security, feeling that they can always get this price, and possibly they will get more if maximum levels for the 1944-45 crop are raised. In view of OPA policies, we doubt whether anything of that kind will happen, but we believe that if crop prospects are maintained, the farmer will be unable to hold back his wheat for any extended period.

When offerings improve, the situation will undoubtedly change, and while it is true that there will also be a demand on part of millers or consumers, we figure that the export business will continue of relative unimportance, and even the feeding operations will probably be greatly reduced owing to the liquidation of animals. Even corn, which was terribly tight and difficult to obtain, has loosened up to some extent, and while the bookings from the country are not very heavy, it must be borne in mind that this is not ordinarily the time of year when farmers take time out to haul grain, as they are busy on the farm doing other chores. Nevertheless, Washington advices indicate that almost one-third of the 80 million bu that was desired for a stockpile has been pledged at the end of the first week. It is estimated that CCC purchases have amounted to about 29 million bu. This is not all corn which has actually been moved but has been promised, and which will finally go to those industries rating priority.

The overnight weather was not too good, with further moisture again in the Southwest and the forecast for additional showers. There were good rains last night in Saskatchewan and Manitoba; while showers have been quite general over South Dakota and Nebraska, indications are for showers Northwest tonight and clearing Wednesday. This improves spring wheat prospects, with seeding operations pretty far advanced.

With further reference to the feeding situation, we are convinced that the liquidation of animals must continue. Less encouragement on ratios has been party responsible for the glut at many of the market centers, and packers currently state that all cold storage facilities are filled with pork to avoid possible spoilage, and it appears quite possible that another reduction in pork rationing points will follow.

Primary receipts were reasonably good, and amounted to 2,132,00 bu compared with 2,590,000 bu last week, and 1,788,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 332,000 bu.

There was very little feature to the wheat market. Continuation of wet weather had a little strengthening influence on all grains at the start. Wheat was a shade higher, but on small liquidation prices eased, and the close showed losses of 1/4 to 1/2¢ per bu.

There was no special feature to rye, although at one time it was quite strong, and the nearby month continues to act tight. Most of the deliveries are taken by one commission house, but we do not hear of any active demand for the cash article.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

May 3, 1944.

In the days when we were heavily engaged in the export business of grains, about 70% of the wheat was cleared during the six months following harvest. It is true that future commitments were often made in March and April, but the grain was shipped during the summer and fall months. Before the cash wheat was available, futures were purchased as a protection, but in the actual handling of grain the carriers always tried, insofar as it was possible, to provide a sufficient number of freight cars to get the wheat from country points to the Gulf or to Atlantic ports. Had this not been done, the arrival of ocean vessels would have been useless, and we could never have carried on business in an efficient manner. Having had considerable experience in this field, we stressed in our market letters several months ago, the necessity of making Canadian grains available at the head of the lakes, realizing full well that once navigation opened, there would be competitive bidding from overseas, particularly since England still requires a large part of her supplies from Canada. We considered it useless to simply send freight cars to Canada and drain them out of grain. It seemed more logical to use the freight cars for a shuttle service in getting it advanced from country points, bringing it to the head of the lakes where lake tonnage could very easily bring such grain into the United States. Of course, nobody knew exactly to what extent Canada would permit her supplies to function; nor was it generally understood that such a heavy feeding program also was being carried on in Canada.

As we look at the situation at the present time in a rather objective way, we see that stocks of all grain at Ft. William and Port Arthur are shrinking heavily. Wheat stocks decreased more than 10 million bu for the week, leaving only 27 1/2 million bu in those two ports compared with 96 million bu last year. The decreases in other grains were smaller owing to the fact that there have been export restrictions on both oats and barley, but the over-all picture is not particularly encouraging from point of view that there is only 50 million bu of all grains stored at the lakeheads compared with nearly 126 million bu last year, and since a fair percentage of wheat is undoubtedly destined for Britain, we believe that our imports will not be as big a factor as had been anticipated. Even a Canadian carryover of close to 400 million bu wheat next August will do us little good unless it is available at the time it is wanted and in the place it is wanted.

This further suggests that our feeding program must be drastically cut. Many sections of the country report a critical livestock feed shortage, and it is becoming more apparent daily that we could not afford to maintain a hog population of 125 million for any length of time. All packing houses are doing a record business, and an embargo on hog shipments to Kansas City became necessary for the first time. Even feeding the surplus hogs held at terminal markets is presenting a serious problem. Congestion has reached a point at which OPA removed point values on pork because of the record run of hogs, and in fact all rationed meats have been made free except beefsteaks and roasts.

Primary receipts amounted to 1,944,000 bu compared with 1,450,000 bu last week, and 1,041,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 628,000 bu.

In looking at our May contracts of oats and barley, we find that the open interest is hardly decreasing, and it is difficult to tell what the outcome will be. Apparently other Exchanges have their problems too, and according to the Pearsall's Cotton News, "With the open interest in May still over 100,000 bales, the Control Committee of the Exchange is still interested in the disposition of the longs and shorts in this month. Inquiries were made overnight as to what disposition customers were to make of May, and it is thought that perhaps some liquidation was influenced by this check-up being made."

Weather reports were both good and bad; moisture Southwest was not wanted, but in Canada it was very welcome, and should do a great deal of good. Also in our Northwest the rain extended pretty far west, covering both of the Dakotas, although we do not believe there was much in Montana. Final wheat prices were rather firm, the close being 1/4 to 1/2¢ per bu higher.

In rye, the May delivery is tight. It makes the outcome, however, uncertain, because deliveries thus far made were stopped by concentrated interests, and apparently are not being offered for resale.

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CHICAGO MERCANTILE EX.

May 4, 1944.

One of the crop experts estimated the winter wheat yield at nearly 620 million bu, an increase of about 19 million bu over the government figure last month. With the excellent moisture conditions, it is very likely that the final results will be even better. As we look over the weekly precipitation, we find that not a single reporting station has been skipped, and this spring has probably been one of the most propitious for wheat in many years. In spite of this, farmers continue to hold tightly to cash grain, and consumption is being maintained at very high levels. Most people are in the frame of mind that prices will continue at about ceiling levels until there is a change in farmers' psychology. During the past several months, prices have remained generally close to those levels, except at Portland where the market is about 9¢ under the ceiling, and weakness there has been due in large part to special market conditions, probably reflecting the suspension of Lend-Lease buying. Whenever there is such great strength, people get in the frame of mind that there will never be a change, but sometimes these changes come quickly and then it is found all of a sudden that the demand is not as keen as it had appeared. The writer remembers very definitely in the wake of the last war, when it was almost impossible to get farmers to part with their wheat, prices were ascending, there was a very bullish psychology --even in dining cars they were charging 20¢ for a portion of bread and butter, and it looked as though the buoyancy would go on indefinitely. However, when a little more came on the selling side of the scale, the market went in the other direction, and wheat, which apparently had been held back for an indefinite term, was thrown on the market, and the results of these operations are now a matter of history.

In any case, we do know that the indicated improvement in the winter wheat crop since last December has been considerable-- about 96 million bu, and in the past whenever the prospects have been very bright, the farmer has not been slow in anticipating future events. Therefore, when spring work is completed, offerings might become very much greater, and this is something which should be borne in mind. The winter has favored the soft winter wheat in the four leading States of Ohio, Missouri, Indiana, and Illinois, and they have a total prospect more than half again as large as in 1942 and 1943, and only moderately below the ten-year average, (1933-42). This also should be some help owing to the fact that the shortage of red wheat has been a big factor, and had there been larger quantities in recent years, the deliveries in Chicago might have been much greater. We do depend largely upon the grain that comes here from nearby territories. However, it must also be remembered that without any reserve stocks, it will take quite a time to fill up the holes.

Little has been mentioned lately in connection with Australian grains, probably for the reason that reports are mostly fragmentary, but yet, there has been a greatly improved demand from India, and during 1943, it is fair to assume that exports were in the neighborhood of 70 to 80 million bu, piecing together some figures which were recently obtained by the Canadian Trade Commissioner. Also, the home demand has been enlarged by the presence of United States troops together with the diversion of wheat into livestock feeding, and Broomhall figures that consumption will amount to about 70 million bu, or possibly 20 million more than in peacetime. Prospects for seeding the new wheat crop are rather unfavorable, with supplies of subsoil moisture largely exhausted by a lengthy spell of drought in all wheat-growing areas.

There was very little to statistics today; primaries in wheat amounted to 1,632,000 bu compared with 1,539,000 bu last week, and 1,302,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 887,000 bu.

There was very little feature to the market, except that May rye continued tight, and with the tremendous quantity of cash held from former deliveries, together with recent tenders closely held, the shorts appear to be entirely at the mercy of longs, and from present appearances they will have to pay the bill to even up commitments, as we doubt whether anywhere near sufficient deliveries can be made to satisfy the present open interest.

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CHICAGO MERCANTILE EX.

May 5, 1944.

In the ten years prior to war, the domestic disappearance of wheat averaged 677 million bu. This was made up as follows: For food, 479 million bu, seed requirements 81 million bu, and the amount fed to livestock 117 million bu. Despite the drought years in the early 30's, our wheat crop averaged 740 million bu, and the carryover averaged 243 million; so we had total average supplies each year during that period amounting to 983 million bu. This was enough to give us fair quantities for export and was also the reason for our supplies being so plentiful when we were attacked at Pearl Harbor. For the current season, the government estimates that the amount used for bread and cereals will be stepped up somewhat to about 540 million bu. This is quite conceivable owing to the fact that our soldiers in training camps are eating well; others on the home front are well employed at good wages, and bread is the one article which has not been rationed, and which we do not believe has shown any advance in price. The big increase, of course, is in the amount of feed currently being used, and it is thought likely that for the entire season, we shall consume 470 million bu through the medium of livestock, or in other words within 9 million bu of the quantity which in normal times was used for human consumption. To put it a little differently, we are using about as much wheat domestically as it would take to feed 260 million people, if it all went for bread, flour, and cereal usage, and obviously no one was ever optimistic enough to believe that with moderate acreages we could ever carry on such a program indefinitely. This being the case, it is almost a foregone conclusion that the tremendous amounts which are being fed cannot continue at the same pace as in those years when we had big surpluses and bumper crops.

It is rather gratifying to see that almost with the advent of points being eliminated for the majority of household meats, the situation at packing houses is improving, and apparently the congestion which occurred a few days ago at Kansas City has been eradicated and the embargo on shipments of hogs to that market was lifted by the Livestock Marketing Committee. Undoubtedly the clearance of supplies will continue on a more normal basis, and will in turn permit the liquidation of animals to continue. This in the final analysis is a most hopeful sign. It is also encouraging to see that corn supplies for industrial purposes are now at much better levels, and processors see prospects for further improvement with several of the large plants re-opening. The largest concern operating at Argo, Illinois, which has been idle for some time due to corn shortage, will resume grindings today, and the Kansas City plant will also be re-opened shortly, if grain receipts continue at the present rate.

There was very little news this morning except that temperature in the Southwest were unusually cool, and there were a good many frost reports, but fortunately the season is late, not much wheat has jointed, and little if any seems to be in the boot. Consequently, it is doubtful whether any permanent damage has been sustained, and Kansas City, which is closer to the early wheat fields, showed great indifference when markets opened this morning.

Since August 1st Canada has shipped 155.5 million bu wheat to the United States, 38.8 million oats, and 22.5 million barley, or a total of 216.8 million bu. Some of the wheat will be re-exported; but in spite of this, we have become an important importer of grain, whereas formerly it was just the reverse.

Primary receipts were reasonably good, and amounted to 2,502,000 bu compared with 3,034,000 bu last week, and 1,417,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,115,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of nearly 6 millio bushels.

Markets were rather firm at the start, but there was no particular issue, and when reports from Kansas and Oklahoma minimized possible damage from frost, trade became rather indifferent, although there was some September wheat bought against sales of May rye, apparently closing out a spread. It was this selling in rye which caused weakness in the nearby position. The open interest yesterday declined 1 1/2 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 8, 1944

The hog market in Chicago was again slow this morning, with bids 15 to 25¢ lower on weights of 270 lbs. With the failure to any longer support heavier-weights and with the government last week removing points on hog products, the conclusion, which had been self-evident to the grain trade, was reached by government officials that this country was unable to support such a large animal production and that the excess would have to be killed. It is even thought in some quarters that beefsteaks and roast might be made point free by July. The country as a whole is eating more meat than in the pre-war period, and it is estimated that the consumption per capita is running over 150 lbs per year against pre-war figures of 130 lbs. Whether due to decreased supplies points will later again have to be reinstated remains to be seen. Naturally, the reduction in the animal population will be watched very carefully by the grain trade, owing to the tremendous amount of wheat and other grains which have been fed during the present crop-year. It was very plain that some action would have to be taken to conserve bread grains, and it is,indeed, fortunate that the prospects in the Southwest are extremely favorable.

According to the Kansas State meteorologist, total moisture for that State from the first of the year to the end of April was the greatest ever recorded in the first four months of any year, and the month of April was a record-breaker for heavy and frequent rains.This coupled with cool weather makes prospects for the wheat crop extremely favorable. Good reports are being received not only from Kansas, but from the other winter wheat States as well. On the other hand moisture conditions in Canada have not been as good and timely rains will be needed for the balance of the season. During the month of April, precipitation in Manitoba was .47 inch against a normal of 1.11 inches; Saskatchewan had .58 inch compared with .90 normally; in Alberta,rainfall for April totaled only .35 vs. the normal of 1.02 inches. Sanford Evans reports that generally the southern areas of all three Prairie Provinces are the driest, with moisture conditions somewhat better in the central and northern sections. He estimates that in Manitoba wheat seeding is almost 100% completed. Reports from Saskatchewan and Alberta show a wide fluctuation, ranging from 5 to 60% seeded in the different areas. Intentions to plant indicate an increase in wheat acreage this year.

Rye continues to hold the center of the stage. There was some talk last week that a large holder of cash rye had disposed of its holdings but this was denied today in a telegram sent by the General Foods Corporation to the President of the Chicago Board of Trade.However, with the May future selling approximately 5 1/2¢ over September it naturally is a target for the handlers of rye even east of Chicago, and might prove an inducement to bring further quantities of that cereal to this market. In the meantime, the Chicago stocks increased last week 279,000 bu, making the total stocks of rye in this market slightly over 13 million bu. Should further quantities be attracted here, there would be a very large percentage of the available room in Chicago used in order to satisfy the long interest. In the meantime, we hear of no enlarged cash demand for that cereal.

Primary receipts of wheat totaled 1,566,000 bu as compared to 1,904,000 bu last week and 2,224,000 the same date last year. The visible when posted showed a decrease of 4,420,000 bu from last week and now totals 106 million bu, or 49;766,000 bu smaller than a year ago. Chicago stocks increased 1,282,000 bu.

There was very little news over the week-end to affect wheat and very little interest is being displayed in that cereal at the moment. Favorable conditions continue in the Southwest. Over the week-end, there was some moisture reported in Wichita, Hutchinson, Falls City, and Garden City, with a prediction of some light showers in the east portions and fair in the west. Temperatures throughout the grain belt have moderated. At the present time, there is very little wheat moving, and the cash demand remains tight, but within thirty days harvests will start in Texas. Believe that as the work proceeds, pressure upon the market will be felt.

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CHICAGO MERCANTILE EX.

May 9, 1944

The law of economics in some respects works very much as a science. Physicists have always known that when the pendulum is lifted in one direction, it will swing toward the other side of the fulcrum to about the same degree, and, therefore, any extremes in this mechanism have a pronounced effect in the reaction. We are beginning to feel this now with respect to hog surpluses, and while for a time it appeared to be wise to build up our population in order to take care not only of our own meat requirements, but also those of Lend-Lease, the pronounced shifting of many non-animal feeds into feeding channels was more than even a resourceful country could afford. WFA has announced that the support level for choice butcher hogs will be altered on May 15th to include hogs in the 180 to 200-lb class, hoping that by this action many farmers and feeders will delay their marketings until a later date. With holdovers in practically all points, the situation at present is a very serious one. By the same token, however, we feel that once the animals are liquidated in sufficient number, the wheat demand will also become more normal, and obviously we cannot feed 470 million bu wheat for two successive years without opening up vast new acreages.

When our market opened there was very little feature, and the overnight weather was satisfactory, with dry conditions prevailing Southwest. Speculation continued to center in May rye, and we believe that history will record some rather interesting events in connection with the present operations. There have been other periods when rye came into prominence --notably when some people from Rhode Island years ago were overly optimistic about our consumption. A good many people thought earlier in the season that we might be able to induce the government to use more rye for alcohol manufacture, but most of these suggestions fell flat because wheat apparently was more efficient. We understand that hope is now expressed that some of the rye which has been accumulated can be traded for wood pulp with Scandanavian countries. Unless we are greatly mistaken, the demand for wood pulp is quite urgent, and it requires very few inducements to get it into consumption. Our rye, however, is less attractive from a price point of view than Argentine supplies, and therefore, we see no more reason to expect that Norway or Sweden will buy it at prevailing levels than that Russia should have been eager to take it off our hands at the present high level. However, there might be international complications which we do not fully understand.

Primary receipts amounted to 2,534,000 bu compared with 2,132,000 bu last week, and 1,649,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 844,000 bu.

There was not a great deal of news in grain. Southwest weather apparently is good. It has always been said that a cool,wet May is desirable for the wheat plant. In the Northwest there have been some complaints of insufficient subsoil moisture, but one of our friends has told us that during the past week or ten days weather has been quite satisfactory, with the exception of low temperatures until recently. Wheat seeding is practically completed, and most of the coarse grains are in. This refers to northern Minnesota, North Dakota, and Montana. There has been excessive moisture in southern Minnesota, and for that reason very little seeding has been accomplished. Central Montana remains very dry. The territory from Billings to Havre should have a good rain in the near future. Generally speaking there was enough moisture in the soil to germinate spring grains, and early seeded grains are up and looking well.

Final wheat prices showed declines of about 1/4¢ per bu. Trade was restricted to rather small proportions. There was some selling in rye, possibly further hedges coming into the market, and this may continue to the extent that public elevator space is available in Chicago so long as the May delivery remains at a premium over the deferred months.

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CHICAGO MERCANTILE EX.

May 10, 1944

It seems that wherever grain matters are discussed these days, almost the first question asked is, "What is happening in May rye?" To fully understand the present situation, which has become a very controversial issue, we believe it is necessary to review the events which have taken place since early 1943. At that time, rye was selling in the low 70's and commanding a price only about half as great as wheat. A good many people figured that it was too cheap, and a buying movement started. Chicago stocks were only about 5 million bu, but yet there was a carrying charge of 2 3/4¢ per bu from the May to the July delivery. Crop prospects were never too favorable, and the following summer we raised only about 30 million bu, which was not excessive in view of the larger amounts that were being fed, even though we had a sizeable carryover. The government estimated that the 1943-44 disappearance would be the largest on record, amounting to approximately 53 million bu. Included in the consumption was 8 million bu for alcohol, which is somewhat doubtful in our opinion, owing to the fact that there is no liquor being manufactured, and most of the distillers manufacturing alcohol remain partial to wheat. Nevertheless, speculation increased, prices advanced, and there was also encouragement, with higher wheat levels, so that rye became one of the favorites, particularly since there was no ceiling imposed.

The only disturbing factor in our judgment was that the purchases were largely of a speculative character, which resulted in the accumulation of rye mostly in Chicago, and while ordinarily this would be perfectly desirable, we have felt right along that in wartime, our storage and transportation facilities were being unduly pressed into service In addition to normal hedging transactions, the advancing price had also created a big short speculative interest, and when these shorts tried to cover or transfer their commitments to the more deferred months, the nearby deliveries became more or less tight. This not only made Chicago the target for grain in other positions, but it also compelled hedgers at faraway points to bring their grain to Chicago, owing to the fact that there were inverse carrying charges, There was a considerable amoun of out-of-position rye, and the hedgers had to use rail and water facilities on a large scale to make good their contracts. If there had been an actual commercial demand, rye could have been just as useful at Minneapolis, Duluth, or Buffalo as it was in Chicago, but with the longs taking delivery and a dearth of cash sales, it has caused unusually heavy accumulations at this point.

During May a year ago, there was 5 1/2 million bu stored locally compared with the entire visible of 20 million bu, but by July when the nearby month went to a 2¢ premium over September, the Chicago stock increased to 7 1/2 million bu, or about one-third the domestic visible. At the present time, we find that more than half the rye visible is located in Chicago, with practically 13 million bu here, and this, too, may have its repercussions later on for the reason that there is only about 25 million bu public elevator space, and when the wheat harvest starts, we believe that our facilities will be filled to capacity. Furthermore, the congestion of space is unfortunate due to the fact that we also have become a big importer of wheat from Canada for feeding purposes. With the difficulty to provide much space in Chicago for this grain, much of it has to be diverted to other sections of the country, necessitating more hauling before it finally gets into consumption.

Primary receipts were smaller and amounted to 1,394,000 bu compared with 1,944,000 last week and 1,302,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,222,000 bu

There was very little feature to the wheat market. Weather and crop reports were satisfactory; temperatures will probably rule somewhat higher, and scattered thundershowers are forecast. The trade is awaiting the government report to be issued this afternoon. Indicated winter wheat and rye production, as of May 1st, is not expected to show any drastic changes. Prices were moderately firm in sympathy with rye, where there was also a good undertone, and it seems that general pressure for the moment is lacking.

The Canadian wheat acreage is expected to be 21 million bu, or an increase of about 4 million bu over last year.

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CHICAGO MERCANTILE EX.

May 11, 1944

After the close of the market yesterday, the government report was issued, and we believe that even those who have been optimistic because of the rains were surprised by the large increase over the previous month. A winter wheat crop of 662 million bu, if finally harvested will be one of the best in recent years and will compare with a forecast of only 526 million bu last December, when condition was given at only 69% of normal. There are a few States where production is disappointing, such as Nebraska, and the yields are estimated at 39.3 million bu vs. 60 million a year ago, but Kansas is somewhat larger, the indication being for a crop of 158.2 vs. 144.2 in 1943; Texas, 52.9 million vs. 36.3 a year ago, and Oklahoma more than double with this year's crop being estimated at 64.6 million compared with only 31.7 million the season earlier. On basis of past experience, it is quite likely that the final figures will be even higher than the May estimates, and with the moisture that has occurred in the Northwest, and with showers again overnight, we feel that total production in this country may reach 900 to 950 million bu, given average weather from this time forward.

A good many people are still hesitant in making forecasts, but they probably have in mind that in the current season we had a record consumption. Including exports of about 60 million bu, the disappearance will approximate 1,260 million bu, with two items coming to the foreground: namely, alcohol and feeding. In normal years the use of wheat for commercial alcohol is almost negligible, but it is thought that we are grinding about 110 million bu for that purpose this year. The other item, feed, which in normal times accounts for only about 117 million bu, has reached the staggering figure of 470 million bu. In trying to make calculations, we must assume that alcohol production will be fully as important in the year ahead, provided the war continues but with respect to our feeding program, this is definitely in the process of readjustment, and with our animal population being so greatly reduced, and with hogs piling up at packing centers, we are convinced that in the 1944-45 season, we shall hit a midway point in the feeding program between normal and the present high level. If this is the case, and imports from Canada continue, we believe that there will be sufficient wheat for all purposes. Furthermore, with the present price level 20 to 25¢ above the probable loan, the farmers are bound to sell more freely after harvest than is presently the case.

Senator Bankhead is striving to invoke legislation to permit a 95% loan to farmers on basic agricultural commodities, but the outcome, of course, is still in doubt, and we believe that there will be considerable opposition to this plan in view of the inflation fears, and ceiling prices by OPA which have already caused considerable hardship to many of our industries.

Primary receipts amounted to 2,310,000 bu compared with 1,632,000 bu last week and 1,519,000 bu last year. Kansas City and Minneapolis so far this week show a total decrease of 1,484,000 bu.

Longs in wheat and rye were very fortunate in that they were afforded a splendid market for liquidating early in the session. Despite the bearish government report, prices were quite firm in the early dealings, and undoubtedly advantage was taken of this fact, so that when shorts were filled up, rather sharp breaks followed. The market, however, was very orderly, and the selling, while persistent, was mostly in small lots. We do not see how anybody even in rye can be very confident, with the tremendous wheat crop ahead and smaller feeding in prospect. Therefore, believe that declines will extend further, and also think in the final analysis that this will have more of an effect upon farmers' psychology than almost anything else. In other words, producers are more prone to sell when the markets decline than when they are advancing or hold at the ceiling.

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CHICAGO MERCANTILE EX.

May 12, 1944

The liquidation which started yesterday continued today, and this is very often the case when margin calls go out to the country and the trade becomes discouraged. For many months now, we have not been able to see the bull side of rye, and while our conversations have been mostly with people who have been in the merchandising business, most of them claimed that the demand was poor, and that rye, while apparently being consumed in pretty large volume on the farms, was relatively difficult to dispose of once it came to terminal markets. The chief hope amongst longs was that if the shortage of other feed grains became sufficiently great, rye might be used in substitution, but apparently this has not occurred, judging from the large visible supply. In an ordinary year, we do not carry over a great deal from one season to the other, and while we generally raise an average crop of 40 million bu, it is sufficient to take care of all normal requirements; which are made up about as follows: 11 to 12 million bu for food, 7 1/2 million bu for seed, 8 to 10 million bu for rye whiskey, and the balance is either exported, fed, or put into the reserve stock. While we appreciate that we shall only have a yield this summer of approximately 30 million bu, we believe that an equal quantity will be carried over. Therefore, total supplies will be in the neighborhood of 60 million bu, which is more than usual, although quite a reduction from what was on hand a year ago. In any case feeding of rye is apt to be considerably less, with animals being reduced, provided, of course, normal feed grains are raised in sufficient volume. Judging from the government's own figures, it is quite likely that about 179 million acres will be planted to corn, oats, barley, and sorghums, or an increase of 2% over the 1943 planted acreage and 7% more than the ten-year average in the years 1933-42. On the assumption that the yields will be average but leaving out of account the severe drought, which we think is a fair method of forecasting owing to the moisture situation now prevailing, it is likely that the production of feed grains in 1944 will be from 112 to 118 million tons. If this is borne out, it will be 23 to 30% more than the average production for ten years.

In the meantime, wheat loses ground rather grudgingly. There are still large exportable surpluses in the Southern Hemisphere, although Australia has been more fortunate lately in getting her wheat into consumption, and if clearances continue at the present rate, she may be in pretty fair shape before another harvest. In Argentina, the government estimates the exportable surplus at, roughly, 246 million bu. Her exports are only moderate, mainly due to the lack of shipping. There apparently have been boats but they were not all being used for wheat. As a matter of fact, 4 million bu Argentine corn was sold recently to Mexico on basis of 57 3/4¢ per bu in terms of our money. It is difficult to tell how much wheat we shall import from Canada in the coming season. Unfortunately, stocks at Ft. William and Port Arthur are being reduced at a very rapid rate. There is only 21 1/2 million bu in store at those ports compared with 87 1/2 million bu last year. In one week wheat stocks decreased 6 million bu. For purposes of comparison, we call attention to the fact that since August 1st, Canada has shipped 160.2 million bu wheat to this country, 40.8 million oats, 23.2 million barley, or a total of 224 million bu of all grain. A little of this may be re-exported but the bulk will no doubt stay here.

Primary receipts were 1,875,000 bu compared with 2,502,000 bu last week and 1,166,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,611,000 bu. When the visible supply is posted on Monday, it will compare with a decrease a year ago of 5,626,000 bu.

Wheat was rather weak at times but showed fair rallying power. Crop news remains satisfactory, and there have been light rains, fairly general in Canada, also some moisture in our Northwest. The Van Dusen-Harrington Co. report says that although handicapped somewhat by a late start, the general outlook for spring grain crops is favorable. At the last declines amounted to 3/8¢ a bu.

Rye was again under pressure, although judging from the open interest, many of the big lines are still intact, and we saw evidence of support, but the main thing in our opinion is that the commercial demand does not pick up much.

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CHICAGO MERCANTILE EX.

May 15, 1944

"What we anticipate seldom occurs; what we least expected always happens." Disraeli.

As one writer in the Modern Miller points out, Louis Bromfield, a delightful writer of fiction, stepped out of his element when he stirred the country with a prediction of a food shortage and famine in February 1944. This scare was accepted too literally by Congress, and was given widespread editorial comment. The Free Press of Winnipeg on May 4th made this comment: "There could be no doubt about it from Mr. Bromfield's figures - the American people might not actually starve, but they would be hungry. The food simply was lacking." There were others who felt that rye in particular would become a very scarce article, and this cereal has been heavily accumulated for a year or more. At the present time, there is about 13 million bu rye in Chicago, or almost half as much as we raised last summer, and still there are those desirous of obtaining delivery on the nearby contract, which is a condition rather difficult for us to analyze, particularly since the cash demand does not seem to improve much, even when the market weakens. Of course, nobody could be entirely sure in a war what factors might develop, but apparently we have not been faced with the shortages which were anticipated, and we believe that with the stockpiles that have been built up, some will gradually find that our surpluses have not been reduced to the extent that had been expected. Even with the enormous feeding of wheat to animals, there was 217 million bu left on farms on April 1, 1944, and while the producers are not offering it liberally, we believe that with the fine crop prospects this situation will change, and it may not take so long before the transition period arrives.

We are getting very optimistic reports from the growing areas. Prospects for milo and other sorghums are wonderful. Weather over the week-end was extremely favorable and the forecast is also good. Unless there should be some deterioration, we figure that the winter wheat crop will finally be in excess of 700 million bu, and when it starts to move, mills will undoubtedly take the first run, but in any case it may not be at ceiling levels. The loan price being 20 to 25¢ below the market makes it less attractive to put wheat into the loan, although we dare say that if substantial declines occur, the farmer will retain possession of his wheat, and thus nobody can tell at this point how heavy the impoundings next season are apt to be.

Today's trade in the hog market continued very slow, and we are convinced that the liquidation of animals must continue. The Department of Agriculture figures that the amount of corn, oats, and barley next July may total only 18 to 20 million tons, which would compare with 29 million on hand last July, and would be the lowest supply for that date since 1937. However, with pasture conditions at 81% of normal, or better than a year ago, and about seven points higher than in the ten-year period, 1933-42, this situation is not too pessimistic.

The wheat visible decreased 6 1/2 million bushels. However, not much attention is being paid to statistics, and there appeared to be a fair amount of liquidation, although markets were very orderly. Barley yielded some ground, despite the strength in the feed grain picture. However, only the July and September futures are trading, as the May future continues to command the ceiling price.

Oats and rye were comparatively firm but selling came into wheat and into rye, and we fail to see much to bring about anything but temporary rallies for the bread grains. Of course, any change in the crop news would alter these opinions, but at the moment reports from the country are almost perfect. Final prices for wheat showed declines of 1 1/8¢ a bu, while rye was off 1 to 1 3/4¢.

Winnipeg rye futures were even weaker than ours, and their market closed near the lowest levels of the day.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 16, 1944

There were several factors this morning responsible for an early upturn. First of all, about the only pressure that we have had in recent sessions came through liquidation, and when it was announced that the Robinson Elevator Company was estimating wheat production in Kansas at only 140 million bu, it had a somewhat bullish tinge. The official government report forecast a crop of 158 million bu, but it seems that the variance between the two well respected agencies is partly that the private one does not believe that the acreage seeded was as alarge as the official contended. Time alone will tell which version is correct. There was also an article in the Journal of Commerce dealing with stocks, and in discussing the financial status of the General Foods Corporation, it stated that this company had accumulated in the last two years a vast amount of rye, estimated at around 7 million bu, and a rather startling figure in view of the fact that we had raised only about 30 million bu last year. Later on there was a report from one of the Eastern news agencies that Mr. Rector, a Vice President of this big concern, claimed that a new method of making syrup had been perfected by using a cereal other than corn. Several cars had already been produced using sorghums, and there was the inference that rye, being available in large quantity, would be used as a substitute.

There was undoubtedly some short covering due to these statements, but in trying to ahalyze the situation, we are wondering what the plant capacity of the company is, and certainly it cannot compare favorably with the industries , which for many years have been manufacturing sugar syrups from corn and similar products, such as milo, etc. Furthermore, the rye at Chicago would have to be shipped to the plants at which this manufacturing was to take place, and as we understand that there is still rye coming here from Duluth, Minneapolis, and from the East, it is difficult to figure out why the rye would not be purchased at the markets closest to the manufacturing centers. Not only would this save rail and water transportation, but would also be cheaper, and unless the quantity is sizeable we doubt very much whether it will have an important bearing on our consumption, particularly since the industries which normally manufacture corn syrup are beginning to get their supplies in greater quantity.

The overnight weather news was quite satisfactory. There had been showers in the Central States, although it was mostly dry Southwest. One of our friends in Minneapolis reports that the Northwest weather during the past week has been fairly satisfactory, although in southern Minnesota they have had some rather heavy rains, which have further delayed seeding. However, in the territory to the North, and also in North Dakota and eastern Montana, the showers were welcome,and grain seems to be making rapid growth. In that section the seeding is practically finished. There was no moisture out in central and western Montana, and as a result reports from that area are getting rather pessimistic, but yet there is no talk of permanent damage. Conditions are reasonably satisfactory in eastern Montana and in North Dakota, but owing to the fact that it was dry last fall and not too much snow during the winter, it will require quite a little rain to build up reserve moisture. If this does not come, it will be more difficult for the crop to stand up when the hot weather arrives next July.

Statistics did not count for much, but the total wheat loans on the 1943 crop were made public, and show that 129 million bu was impounded; from this quantity all was redeemed except 22 million bu. In comparison with other years, the loans at the peak figure run as follows: 1942, 406 million bu; 1941, 365 million bu; 1940, 278 million bu; 1939, 167 million bu; 1938, 66 million bu. The trend was upward until this year when the price factor became so important that farmers marketed their grain instead of freezing it.

For the reasons which we have previously given, markets were quite firm, and at the last wheat showed an advance of about 3/4¢ a bu.

Winnipeg rye was very weak at times but recovered. Our rye was reasonably firm, and while we do not believe that any large quantities are going to be used for sugar syrups, we are cognizant of the fact that after a big break some reactions are always possible.

UHLMANN GRAIN COMPANY

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CHICAGO MERCANTILE EX.

May 17, 1944

We are going to devote very little space to the new process for making syrup from rye, owing to the fact that the new method is not yet in commercial use, and from what we can learn, it is doubtful whether it will mean much in the added consumption of our rye, and we, furthermore, do not feel that it is an important market factor. The longs for the past year or so have been very hopeful that the shortage of other foodstuffs would bring rye into greater prominence, and they also figured at other times that rye might function in a more important way for commercial alcohol. There were also hopes expressed that Russia, despite a higher price level here than in the Argentine, might decide to buy it, and when all these disappointments occurred, it was even whispered about that it might be exchanged with the Scandanavian countries for wood pulp. The fact remains that there has been 13 million bu rye accumulated here at Chicago, and we think it will remain here for a long time, unless something else develops that has not yet been suggested.

When our market opened, prices were rather firm, but there was no special news. Weather on the whole has been very favorable and there were again rains or showers in the Central States, but it was mostly dry Southwest. Some of our people, who have been traveling in Texas and Oklahoma, are sending in very good reports, although there are sections far South where rain will soon be needed again, but yet we have no reason to believe that there has been any deterioration since the last government crop forecast was made. After reading the map, it appears as though fair to heavy rains might occur in the Northwest, also in Canada during the next twenty-four hours, and this would be very beneficial. Planting of corn has become decidedly more active, and it has either begun or is progressing rapidly in nearly all of the principal producing sections. In some of the bottomlands of the interior valleys, it is still too wet to work, but the country as a whole is in fine condition, even though some lateness is reported and seeding of oats has been retarded.

The food outlook for the coming year is very reassuring, and even the danger of a milk famine has now passed, according to word received from the Secretary of Agriculture. Poultry production has also remained at a high level, and despite some labor shortages, we believe that prospects are about as optimistic as one could hope for at this season of the year. Abundant foods for June are eggs, white potatoes, canned green and wax beans, oranges, frozen vegetables, and many other articles too numerous to mention in a grain market letter. However, in comparison with many other countries, we have a great deal to be thankful for.

Primary receipts of wheat amounted to 1,434,000 bu compared with 1,394,000 bu last week and 1,059,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 852,000 bu.

While it is true that wheat still commands ceiling prices for immediate shipment, there seems to be an easier feeling in the Southwest, and there are offerings at Kansas City at $1.63 per bu for July shipment, and it is not quite so easy to sell it as a week or two ago. We shall probably get some early wheat moving in Texas the first week in June, and possibly Oklahoma wheat, at least the early fields will have something to offer by June 20th and onward. The Texas Panhandle is somewhat late. It is also a high altitude there, and it is not expected that much will move before the 1st of July. In any case, we are coming closer to the new harvest each day, and this together with the bearish situation in rye is having an influence in grain circles.

We believe that unless there is a better commercial demand for rye the best place to sell it is still in the pit. With that in mind, we feel that considerably lower prices will be reached when longs decide to even-up commitments.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

May 18, 1944

There was very little overnight news in grain, except possibly the weather. Some moisture was reported in our Northwest, and also, some good showers in Canada, with indications that more precipitation is likely. Probably of more interest was the recent development in rye, with heavy liquidation having featured that market during the past few sessions. As we view it at this time, there has been no real correction, at least to the extent of an improved demand having sprung up. We believe it would be just as difficult to sell a million bu cash rye today as it was when our market was 10¢ a bu higher. The accumulations in our opinion which have taken place here were more than the usual commercial quantity. When Chicago became the target for rye not only from Canada, but from Eastern positions also, many persons became curious to learn why half the available public storage capacity in Chicago was being used in wartime for a commodity which was in poor demand and which might stay here for some time.

In any case, there were further selling orders today, but this liquidation was apparently taken by shorts, and the market showed rallying power, which, of course, is not surprising after a break of 10 to 12¢ a bu within a comparatively short period. We understand that if prices should advance a few cents above present limits, there might be more Canadian rye working to this country, and we are told that the demand in Canada is likewise poor, so that they might well look for an export outlet if we make it attractive for them. At the present time there is 4 million bu rye stored at Ft. William and Port Arthur. We do not know who owns it, but it is twice as large as the quantity stored there a year ago, and there seems to be very little moving even to Europe, although stocks have been reduced 300,000 bu during the week. We should not be surprised if this had been shifted to the United States.

As for wheat, there is about 19 million bu Canadian wheat at the head of the lakes, a reduction of 2 1/4 million bu from the past week, and this compares with slightly over 80 million bu a year ago. It is quite obvious, therefore, that rail transportation from the farms to the lakehead is insufficient to make exports possible on a large scale. With Europe relying pretty heavily for her requirements on Canada, we doubt whether we can import much from that country for feeding purposes, at least for the time being, although the demand domestically will probably not be so keen after harvesting operations get under way.

Our reports from the Southwest are still optimistic, and in fact, we are getting rather glowing reports on progress of the wheat crop in Oklahoma. Cash prices are still being well maintained for immediate shipment, but it is very doubtful whether they will stay up after the early receipts are absorbed. We are already finding at Kansas City that the buyers for deferred shipment are not quite so eager, but until there is real pressure from the country, we presume that wheat prices will not yield much ground, particularly since nobody is pressing the short side of the market in a large way.

Primary receipts were rather small, and amounted to 1,332,000 bu compared with 2,310,000 bu last week and 1,156,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,101,000 bu.

Wheat was quite strong. There was no particular reason for it, except that moderate buying orders came into the pit, and as yet there does not seem to be any offsetting pressure.

Rye was more two-sided. After the early selling, there appeared to be some support, although it was rather modest. We believe that if there are purchases of consequence, they will go more into the deferred months, and so long as the demand remains poor, the tendency should be in the direction of carrying charges unless the accumulations by the present longs are still unsatisfied.

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CHICAGO, 4

May 19, 1944

The national food situation, which is discussed by the Bureau of Agricultural Economics, is more than interesting reading, because it is also very reassuring for the coming year. As they point out, the per capita civilian food consumption in 1944 will probably average substantially the same as last year, despite the use of about 25% of the total food output to meet war requirements. As a matter of fact, during the first four months of 1944, the rate of civilian consumption has been somewhat higher than it averaged in 1943, and considering some of the pessimistic reports which were circulated, one must feel thankful that we were able to accomplish what we have and still keep food flowing both East and West to take care of the armed services. It is figured that in the last few months of 1944, civilian supplies will be reduced because of smaller total marketings, and heavy military takings. It is possible that rationing of meat may come again at a later period, but at least indications are that we shall have as large a total supply of fruits and vegetables as last year. Prospects for total milk production have improved; butter supplies are expected to be larger, while the market supplies of chickens are increasing seasonally, and during the next four or five months will probably exceed the 1943 record supplies for the same period.

Canada is also confronted with a rather optimistic outlook, and as the Searle Grain Company report points out, in spite of the severe lack of labor on the Prairie farms, records reveal that producers in that country will sow a larger acreage to crops than has ever been done before in history. The total sown to all grains this spring is 41,341,000 acres; the next highest sowing was in 1940. Making comparisons with the previous banner year, they point out that the acreage sown to wheat is 26% lower (although 23% higher than last season); oats 42% higher; barley 106% higher; rye 58% lower; flax 46% higher, and the total acreages of all crops 2% more than in 1940. It is also pointed out that during these war years, farmers have changed their acreages from one crop to another, in accordance with the recommendations and desires of the government. There was overnight moisture in our Northwest and some in Canada, with also a rather favorable forecast. Before the recent rains it was reported that moisture conditions in the Prairies had shown improvement in some areas but others remained dry. Generally speaking, conditions were satisfactory in central and northern Manitoba and all of eastern Saskatchewan, and fair to good in Alberta. It must be better now.

To what extent we can import feed grains from Canada next year depends on trasportation and the final crop yields. Since August 1st to date, we have imported 164 million bu wheat, 45 million bu oats, 24.5 million bu barley, or a total of 233.5 million bu of all grains. This does not include rye. Some of the wheat has probably been re-exported but the bulk of the shipments remained here for feed.

Primary receipts were just reasonably good and amounted to 1,557,000 bu compared with 1,875,000 bu last week, and 926,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 1 1/4 million bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of over 5 million bu.

Markets were firm at times but the milling demand is just nominal, and we believe that so long as the distant futures of wheat remain at a big discount under cost, it will be just a hand to mouth affair. Final prices showed declines of 1 to 1 1/2¢ a bu.

There was great strength in Winnipeg rye futures at periods, but our rye had difficulty in showing much strength even in sympathy with their recovery. The trouble is that there is no real demand. To this extent we believe that the longs will find it uncomfortable even though prices have reacted considerably from the better levels previously established. We have talked with some feed people today who were attending the Convention, but do not get much encouragement from that source. Think the pit is the best place for making sales in quantity.

UHLMANN GRAIN CO.

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CHICAGO, 4

May 22, 1944.

"Like the watermen that row one way and look another."-Burton.

The same thought was once conveyed by Plutarch, who spoke of the oarsmen who went in one direction while looking astern. We mention this because today's market reminded us of the same situation, with a lot of people still quite bullish on rye after a very drastic break, but who, nevertheless, were liquidating their lines possibly for fear of further margin calls. The May delivery, which had sold down the limit on Saturday, was again the weakest this morning, and apparently there were some unfilled orders which were executed today. It also appeared as though last Saturday there had been some selling of the more distant months when July and May hit the limit and these protective sales were probably undone, so that when spreading orders entered the pit this morning the deferred months were the strongest. There seems to be a more natural situation now, at least with respect to a tendency toward carrying charges, and this is more understandable in view of the fact that Chicago has about as large a quantity of rye stored here as at any time in recent years. We do not recall a similar situation. At the moment there is no improved demand, although there are still hopes expressed that with rye selling at wider discounts under wheat, and with supplies so plentiful, possibly the government will permit the manufacture of rye whiskey where formerly any such requests had been turned down. We have heard so many rumors of possible usage that we are unwilling to believe it until it becomes a fact. We feel that even wheat as a feed to animals will be used in smaller volume in the months to come, and the liquidation of hogs and cattle seems to be under way on a rather heavy scale. Thus, it finally resolves itself as to whether rye will be consumed at a normal rate, or whether something foreign may develop to use this cereal in larger quantity. Time alone will tell.

As the weekly WFA report pointed out, last week showed quite a contrast with the previous week in that we went from winter to summer. Ample sunshine, clear skies, and very little precipitation contributed to the best growing week of the season. In the Ohio Valley, winter wheat made uniformly good progress, and the condition is mostly good. Progress ranged from good to excellent in the Central States, with the more advanced heading in southern Kansas. In Texas and Oklahoma, there was good progress except in the drier sections of the former State and the crop is heading rapidly in the latter. There was some moisture over the week-end, but this fell mostly in the Central States. Oklahoma has not been benefited in the extreme southern portions, where the crop is deteriorating and where the need of rain is becoming more apparent daily. Also, planting of corn has become decidedly more active, and while the season has been late, producers are apparently catching up, and we feel that a larger acreage than last year will be sown, judging from the intentions and the keen effort to get the work completed.

The visible supply decreased 5 1/2 million bu, leaving 94 1/2 million bu in various positions. This is approximately 51 million bu smaller than last year. Chicago stocks went down 45,000 bu, leaving 10 1/4 million bu at this market. Other statistics did not count for much. There is 13 million bu of rye here, and while it looked as though more might come by the end of the month, this is not sure now with elevators able to cover some of their hedges in May to advantage.

There was a very heavy trade in all pits. May rye went to a carrying charge under July, and it looked as though the elevators were willing to take some of the cash rye back on a reasonable basis. Therefore, it is altogether likely that a readjustment is under way instead of a condition of inverse carrying charges such as we have had for several months.

When rye futures recovered there was a little better sentiment; oats were quite strong even at times when the wheat market was indifferent. The crop seems to be late, and the feeding situation is sufficient not only to take care of the current arrivals, but probably also of the post-harvest movement. This was responsible for a rather friendly feeling.

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CHICAGO, 4

May 23, 1944.

Apparently the War Food Administration is thoroughly cognizant of the fact which we have been stressing for months: namely, that livestock in this country must be adjusted downward in order to be in line with our ability to produce feed. Last year we embarked upon an animal program far in excess of our supplies of feed, with the consequence that we have dissipated during the past twelve months a large quantity of the finest quality milling wheat. As we view the situation at the moment, with the excellent crop prospects, the key to the price structure will depend on the demand for feeds. Mr. Walter C. Berger, Chief of the Feed and Livestock Branch of the War Food Administration, issued some very enlightening information at the recent Convention of the American Feed Manufacturers' Association. He stated that the total pig crop for 1944 should be reduced to 95 million head instead of the goal of 105 million. This would compare with approximately 122 million in 1943, 104 1/2 million in 1942, and only 84 million in 1941. It is estimated that the spring crop this year will total 60 million head, which would mean a reduction in the fall crop of pigs to 38 to 40 million. He further points out the necessity of an adjustment in the cattle numbers, with a reduction in available supplies of about 3 million head. According to the same bureau, there has been 40% less cattle and calves shipped to the feed lots of the corn belt States in April of this year, as against April 1943, while for the four-month period January through April 32% less was shipped than a year ago. However, this decrease is not a true picture owing to the fact that the milk herds will be maintained at nearer their present levels.

According to Washington, the number of chicks hatched during April totaled approximately 293 million compared with 320 million in April 1943, a decrease of 9%, although for the first four months of the year the decrease was only about 4 1/2%. However, from what we hear around the country, radical reductions are taking place, and the amount of hatchings during May and June will be greatly under last year's levels. In looking at the supply side, Mr. Berger seems to realize that under price control, it is not possible to bring out the feed grain supplies from the farms in the areas of production, so that it may be distributed over the nation on an equitable basis. At the moment the goal of the War Food Administration is to cut the animal population enough to reduce the feeding by 12 million tons. This translated into corn would be the equivalent of 332 million bu. However, further reductions in animal population might take place depending entirely on the food-animal ratio.

During the past 24 hours there were some light showers over portions of Montana, North Dakota, parts of Oklahoma, Iowa, and Illinois. Canada received moderate to heavy rainfall over the southern portion of the Canadian Provinces, which will be very welcome in that country. Winter wheat continues to make good progress, although some moisture is still wanted in a few of the further advanced sections of southern Oklahoma. However, all in all, winter wheat prospects are being fully maintained.

With May liquidation out of the way, and no wheat futures selling at the ceiling prices, more interest was expressed in that commodity. The market was under pressure, and while new wheat is still being offered a couple of cents under the ceiling price there will have to be some adjustment between the cash and futures prices. Undoubtedly some of the first-run new winter wheat will be wanted by mills which are short cash wheat, but should present prospects be maintained, we feel that this demand will be at a minimum until prices of cash wheat are further adjusted downward. We cannot imagine, with the present discount for the futures, that any elevator people will be greatly interested in acquiring the cash wheat. At the close July wheat was 3¢ per bu lower, and the September 2 1/8¢ down.

Primary receipts of wheat amounted to 2,263,000 bu compared with 2,642,000 bu last week, and 1,543,000 last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 766,000 bu.

Rye was again under liquidation, and the bulls seem to be on the defensive. Undoubtedly, there were a number of margin calls sent out last night, which further stimulated selling. We believe that while rallies might take place from time to time, rye will seek lower levels unless an actual demand develops for the large supplies of cash rye in Chicago. It appeared yesterday that some hedges were changed over from May to July, which would indicate that instead of making deliveries now the rye will be available again in July.

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CHICAGO MERCANTILE EX.

May 24, 1944.

With feeding holding the key to the price structure in grains, it may be well to ponder a moment on the difference in policy and attitude in Europe as against this country. In England and on the Continent, every attempt was made to most efficiently utilize available supplies for human consumption. They have furthered the eating of bread and potatoes, with their high caloric content, rather than the more extravagant use of grains to feed animals, which takes the ratio of approximately seven pounds of feed grain to produce one pound of meat. In this country the opposite and more costly program has been pursued. Through ceiling prices in corn, and through subsidies, we have encouraged the production of animals and have made it possible for more people to consume meat, and for others to increase their consumption to such an extent that this country has passed its ability to support the animal population.

While steps are now being taken to curtail the number of hogs, cattle, and chickens, it is very interesting to note that, according to the U. S. Department of Agriculture, the civilian per capita consumption of meat for the first half of 1944 is expected to be at the annual rate of about 155 lbs, although for the year as a whole, the consumption is expected to approximate 145 lbs per capita, which is 8 lbs more than in 1943, and about 19 1/2 lbs more than the average per capita consumption for the years 1935 to 1939, or about 15%. The above includes beef, veal, lamb, and mutton, and pork, with the exception of lard. It is expected that the egg consumption will be about 18% more than the average in the years 1935 to 1939; chickens 33% greater, and turkeys 19%. Taking the other side of the picture, the average per capita consumption of wheat in the years 1935 to 1939 was 154.4 lbs, while in 1944 it is projected at 157.6 lbs per capita, or an increase of only 2%. In furthering the animal population, we have been forced to draw heavily on our reserve wheat supplies, which is a rather dangerous proceeding during wartime, when stockpiles should be built up rather than depleted. However, it is rather fortunate that at the moment we again have the prospects of raising another large wheat crop. However, looking at the future we have no right to continually expect large crops without some years of reverses.

The government weekly weather report issued today indicates favorable progress of winter wheat, with prospects being fully maintained. In the southwestern belt the outlook is good except in a few sections of southern Oklahoma and the low plains of Texas where moisture is needed. They further report that some late wheat in western Kansas is being abandoned. Our own reports confirm the need in a small territory of southwestern Oklahoma, which is dry, and where damage has taken place, but the balance of that State is in excellent condition. The government report further comments that in the spring wheat area, showers during the week were favorable and that growth is excellent in southern sections. On the other hand, corn plantings has been interrupted by frequent rains, although the farmers are working hard to get their acreages in between showers. During the past twenty-four hours, generally good rains have occurred in Canada, which should be very beneficial. For our own Southwest, the prediction seems to be for moderately warm weather, mostly fair, with some scattered thundershowers. According to a recent report from a very good friend of ours in Minneapolis, generally speaking, the crop prospects for spring wheat are quite favorable and better than average.

Primary receipts totaled 1,330,000 bu, which compares with 1,434,000 bu last week, and 1,262,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a combined decrease of 1,033,000 bu.

Wheat was more or less under the influence of rye, and recovered near the close to finish 1/8¢ per bu lower. There seems to be no evidence of any milling demand, while on the other hand there are no hedges coming into the market as yet. We hear there have been some small lots of wheat offered in Texas at 7¢ under the ceiling, which shows there is beginning to be an adjustment between the cash and the futures prices, and we look for this to continue.

At times this morning rye was under severe liquidation, and from the size of the trade, it would appear as though some substantial interest must have been selling. Declines at times were further aggravated by the covering of stop orders. However, before the close there was a recovery from the low quotations of the day. Undoubtedly, rallies might be in order, yet we do not see anything on the constructive side.

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CHICAGO, 4 May 25, 1944.

There were a few scattered local showers in central Texas overnight. The indications are for scattered thundershowers in Oklahoma and Kansas. We have received but few complaints from any sections of the winter wheat belt, with the possible exception of a small section in southwestern Oklahoma, which seems to be in need of moisture, and until it is received the crop is probably deteriorating. While the crop is not as yet made, with any normal weather developments between now and harvest we have in prospect a large outturn of winter wheat, and danger from any substantial damage is probably minimized at the present time. If crops follow the usual pattern, the final results should run over the May estimate of the government, which was 662 million bu. Going back to 1937, there was only one year: namely, 1938, when the final crop showed a decrease of 69 million bu. The figures are as follows:

WINTER WHEAT (Million bushels)

Year	May Estimate	Final Outturn		
1944	662	?		
1943	515	529	-14	plus
1942	646	703	-57	"
1941	653	670	-17	"
1940	459	590	-131	"
1939	543	565	-22	"
1938	754	685	-69	minus
1937	654	688	-34	plus

As the period for harvesting approaches, the wheat situation will undergo a complete change-- from a tightness in cash to where at least temporarily there should be an abundance of supplies. The more distant future months are trying to anticipate this change, and as further supplies come upon the market there will have to be an adjustment between the cash and futures, as we do not see where any elevator house on the present differential could purchase wheat and store large quantities without the usual hedging operations. Hedged warehouse receipts in the past have always been considered prime collateral at all banks. In order to absorb the movement; elevator houses must of necessity resort to banks for financing, and we cannot picture financial institutions advancing any large sums without proper hedges being placed in the futures market. It would, therefore, appear to us from the surface that until this adjustment has taken place greater weakness will be expressed in the cash price rather than in the futures market.

Stocks of all grains at Ft.William and Port Arthur have shown sizeable decreases since the opening of navigation, and as of May 19th, they stood at 39 million vs. 77 million bu when lake shipments were first available. The problem is undoubtedly one of freight transportation, and unless the lake storage is built up, we do not believe that this country can look temporarily to Canada for any large supplies.

In Iowa, the largest producing corn State, despite almost superhuman effort on part of farmers, work has been greatly handicapped in the major portion of the State, and planting of corn delayed. From April 1st to May 23rd, the State average rainfall was 9.48 inches, or 167% of normal, against 105% last year, and delayed seeding means that weather conditions will have to be favorable, or at least no early frost.

Primary receipts were 1,895,000 bu as compared to 1,332,000 bu last week, and 1,458,000 bu last year. So far this week stocks at Minneapolis and Kansas City show a total decrease of 1,262,000 bu.

There has been an increase in the interest shown in the wheat pit; yesterday the volume of trading was almost 12 million bu. There seemed to be some covering of short wheat on part of locals, and there was a fair undertone throughout most of the session. We do not believe actual pressure will be felt until the movement of the new crop. At the close July wheat was 1/2¢ per bu higher, and September 3/4¢ up.

Rye was subject to somewhat sharper fluctuations. Normally one could expect rallies after the sharp breaks, but with the large open interest there seems to be rye offered on all bulges. Total trade yesterday in that cereal was practically 30 million bu, which is probably the largest trade on record in rye. In trying to analyze the rye situation, one must not overlook the fact that there have been deliveries taken on considerable quantities, which probably have not as yet come back into the pit, but which might have to be done unless a cash demand should arise.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 26, 1944.

According to Sanford Evans, the U. S. Department of Agriculture in their March estimate indicated that this country would use the following from our domestic crop: 540 million bu wheat for food, 80 million for seed, 100 million for alcohol, and 380 million bu for feed. For the first forty-six weeks, wheat and flour exports from the United States have totaled 65,950,000 bu, which might point to total exports of 75 million bu by July 1st, or a total utilization of our crop of approximately 1,175 million bu. With supplies available for this year estimated at 1,452 million bu, it would indicate a carryover at the end of the crop-year of approximately 277 million, which is about in line with previous estimates. In addition to the above, we probably have imported about 100 million Canadian wheat that has been used in the feed program. Looking a year ahead, our situation will depend entirely on the use that we make of wheat for feeding purposes.

There has been some additional moisture in the Southwest; while we have no detailed report, it is possible that the one area to which we referred recently as being exceptionally dry may have had some relief. Generally speaking, the winter wheat territory was not in any urgent need of rain, and no doubt the present moisture is almost sufficient to carry other sections close to harvest. The Modern Miller in commenting on the situation states that taking the winter wheat belt as a whole, there has been a further improvement in the outlook the last week and that unless unfavorable weather conditions should develop, a large crop will be secured. They further comment that dry weather in parts of Oklahoma and in some areas in Texas has caused deterioration, but that it has been more than offset by betterment elsewhere. Turning to the Northwest, beneficial rains have fallen during the past week in the spring wheat belt, and stimulated by warm weather the crop has made rapid growth. The rains have also extended into Canada, and Sanford Evans comments that the past week has changed the moisture situation in Alberta considerably, with seeding making rapid progress. He further comments that the moisture situation is reported fair to good over most of Manitoba, particularly in the South, while the same conditions exist in Saskatchewan except in the extreme westerly part. In looking over the more detailed report, precipitation received in Manitoba since the first of April has amounted to 1.28 inches against the normal of 2.20 inches, but this shortage is more pronounced at individual reporting stations. Saskatchewan shows a rainfall of 1.93 inches against a normal of 1.90, while Alberta is 1.44 inches, as compared to a normal of 1.99 inches, where also several reporting stations have suffered at the expense of others where more copious rains have been received.

Up to May 23rd, Canadian grain shipments to the United States have consisted of approximately 167 million bu wheat, 48 1/4 million bu oats, 25 1/4 million bu barley, or a total of about 240 1/2 million bu.

During the session there was renewed talk of the use of rye in alcohol production. A Washington dispatch read in part as follows: "Disclosure that War Production Board has moved to require the use of not less than 1 million bu of rye in production of industrial alcohol was made to a meeting of grain state senators today." This caused a sharp advance in the rye market, but inasmuch as this statement is vague as to the time required to use this amount of rye, the trade did not quite understand it. It is understood that the program will get under way June 1st. Other news from Washington was that the Senate Committee has reported out favorably on the 95% loan bill, which is expected to be brought up on the floor by next Thursday, and attached to the OPA Bill.

Primary receipts were 2,364,000 bu compared with 1,557,000 bu last week, and 1,189,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total decrease of 1,518,000 bu, which indicates a sizeable decrease in the visible next Monday versus a shrinkage of 3,153,000 bu last year.

Final prices on rye were about 1 1/4¢ per bu higher than yesterday, but this failed to bring any substantial recovery in wheat. September wheat was 1/4¢ per bu lower for the day, and the July was down 3/4¢ per bu, no doubt reflecting the effect of the new crop conditions, and old wheat being offered in the Southwest in increasingly large quantities.

Corn bookings today were 100,000 bu, somewhat better than in recent days.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

May 29, 1944.

The fact that the Senate Committee recommended loans of 95% of parity puts another imponderable into the situation. To date no action has been taken in the Lower House, and it is still impossible to forecast what fate this proposal will meet when it goes to the Senate floor for discussion; but it is a matter that will have to be followed very carefully by all branches of the grain trade. 95% parity loan would mean a differential basis Kansas City of 3¢ a bu between the loan and the ceiling price, while in Chicago it would amount to approximately 8¢. This is an extremely narrow range and would greatly interfere with the usual hedging operations, which in the past have been an essential part of the mechanism for marketing farmers' grains. The history since loans were initiated has been that progressively higher loans have meant higher prices in the futures markets. Furthermore, that impoundings were heavy in those years in which cash prices were considerably under the loan value, while in 1943, when the loan and cash futures prices were in line, impoundings were relatively light. With excellent crop prospects, it would, indeed be unfortunate if the loan price was again higher than the cash and that supplies in large quantities would be impounded. With the present feeding situation, there should be a ready flow of supplies to market. Should wheat be impounded it might finally be necessary for the government to call loans before expiration, which as a policy in the past has not been considered very expedient.

We are tabulating below the loan values, the low on Chicago September wheat during July and August, and the amount of wheat impounded since 1938:

Crop of	Chicago Loan	Chicago Sep. Wheat Low July-August	Futures compared with Loan	Total placed in Loan
1938	77¢	60¢	Minus 17¢	66 million
1939	80¢	60 3/8¢	" 19 5/8¢	167 "
1940	81¢	66 7/8¢	" 14 1/8	278 "
1941	$1.15	$1.02 3/4	" 12 1/4	365 "
1942	1.32	1.15 1/2	" 16 1/2	406 "
1943	1.42	1.42 5/8	Plus 5/8¢	129 "
1944	1.49	(If 95% loan would be $1.63 1/2.)		

Very generous rains have been received throughout the winter wheat belt in the past few days, and even in dry areas in southwestern Oklahoma, to which we have referred several times in our market letter, have been relieved. The War Food Administration's weekly grain market letter states, "The previously reported favorable progress of the winter wheat crop is being fully maintained, with developments generally satisfactory except in the very limited areas." They exempt a few sections, such as southern Oklahoma and parts of Texas, where moisture was unfavorably deficient. However, since the report was issued, the rains mentioned above have occurred. From our own observation, we should judge that very little additional moisture is needed between now and harvest. The government further comments that developments in the spring wheat area were favorable, that seeding is about completed, with good germination and growth in excellent shape in the southern section of that belt.

Primary receipts of wheat totaled 2,517,000 bu versus 2,007,000 bu last week; owing to a holiday there is no comparable figure for last year. The visible supply figures were late in being posted. Chicago stocks show a decrease of 313,000 bu, leaving a total in Chicago of 9,897,000 bu. Rye stocks increased 666,000 bu, bringing stocks of that cereal in Chicago to 13,576,000 bu.

Markets assumed more of a holiday spirit, and there was nothing particularly significant. Fluctuations were easily influenced by relatively small orders. With the continued good progress of the crop lower prices were registered; at the close wheat was 7/8¢ per bu lower

According to a Washington dispatch, the War Food Administration is pointing to a sharp reduction in hogs, poultry, eggs, and cattle for 1945. On the other hand, in order to relieve the feed shortage, an increase in the wheat acreage from the 67 million called for this year to 68 million acres next year. In corn they are also contemplating an increase of about one million acres. The same agency reports that ships will be made available to bring 6 million bu of Argentine corn to the United States this year, and according to the Russell agency, plans are being formulated to permit the handling of 40 million bu of Argentine corn between July and the end of the year.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO, 4

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

May 31, 1944

With the step-up in the tempo of the air attacks over the Continent, and with the damage to the German supply lines in Italy from air power, it could almost be said that the invasion is under way, although the actual D-Day has not arrived. As to how long the war can last is a matter involving both military and political factors. As one writer points out, Germany has been fighting a defensive war for months and there is a definite limit to the strategy of defensive warfare, the same as there is on any sustained offensive. There must be a tremendous disintegration of Germany's war morale, and of her internal economic life, besides which she has encountered heavy losses in casualties and reductions in her fighting forces. Furthermore, she must be suffering from the loss of outside economic resources, with the bearing down on part of the allies upon the nertral countries. We are led to believe that through bombing damage, it is more difficult for the German authorities to enforce their regulations and sabotage must be on the increase.

Over the holiday some very good rains were received in the Texas Panhandle and scattered heavy showers in other sections of the Southwest. None but the most favorable reports are being received on the winter wheat crop, The government weekly weather and crop report states that progress in winter wheat is mostly good to excellent in all sections. Wheat prospects have improved in northwest Texas, where the crop was beginning to head, and progress was good to excellent in most of Oklahoma except in the southwest section where previous dry soil was detrimental, although from reports that we receive this condition has now been relieved. The Santa Fe Railroad report was rather a rosy one, in which they commented that due to excellent growing conditions, coupled with rains, the Kansas wheat crop has shown considerable improvement, and with normal conditions for the next three or four weeks, they are forecasting a crop up to possibly 165 million bu for that State. They go on to say that one more good rain would assure Oklahoma a wheat crop ranging from 55 to 65 million bu, and that with the generally good outlook in northwest Texas, they believe that the May 1st estimate of the government for that State is being fully maintained.

The government report further comments that in the spring wheat region conditions are mostly satisfactory, with early seedings up to good stands and progress and condition reported generally good to excellent. There has also been improvement in the Canadian outlook, with Saskatchewan having received fairly general precipitation and many sections reporting good subsoil moisture. Rains were also fairly general in Manitoba, and no area of any considerable size is suffering. Alberta was less fortunate, with moisture more scattered. Reports indicate that seeding is practically completed in all three privinces, and it appears as though the wheat acreage has been increased.

From advice which we received from the Southwest, there is still a good demand for old-crop wheat, but very little interest is being shown in the new wheat. This is not difficult to understand; with the movement near at hand, and crop prospects excellent, we feel that as soon as the first demand is met and some holes filled that the cash prices will have to decline closer to the futures in order to attract buyers. There was no great interest displayed in the wheat market here today. However, there seemed to be some short covering awaiting further developments from Washington on the 95% loan. This is due to come up on the Senate floor tomorrow. Should it be acted on favorably, it is still not quite clear whether the 95% loan will be mandatory or optional, as was the case the past season when the wheat loan was set at 85%, even though the law provided a loan up to 90%. From the standpoint of the private grain trade, we repeat that we feel a 95% loan would be quite detrimental, and would seriously interfere with the machinery developed over a period of so many years to efficiently handle the farmer's products.

Near the close a Dow-Jones article appeared from Washington stating that the War Production Board had requested distillers to use 10% rye in the alcohol program, indicating that if about one million bu per month was not used voluntarily, they might issue a directive demanding such action. If enforced, would naturally eat into our stocks.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

June 1, 1944

There was no further statement from Washington today with reference to the Dow-Jones report of yesterday that the government had requested the alcohol distillers to use 10% of rye in their grain requirements for alcohol. The message of yesterday stating that if the voluntary program did not succeed in diverting about a million bu rye a month for this purpose, a directive forcing the use might be in order. There is no way of judging at the moment how much rye will actually be consumed under this program, nor what period of time the enforced usage would be in effect. Up to the present time, there has been no special cash demand for the supplies which have accumulated in Chicago. In fact during the past year, the amount in this market has steadily mounted until it has reached the proportions of approximately 14 million bu. Should any great inroads be made into our stocks here, it would naturally change the picture. Therefore, one should watch this situation very carefully. In following rye, the three items that should be particularly observed are the amounts which will be used for feed and distilling, as well as the amount imported. In 1943-42, the total disappearance of our domestic stocks averaged around 40 million bu. For the crop-year 1943-44, the Department of Agriculture had estimated the rye disappearance at about 53 million bu, which included 25 1/2 million for feed, 8 million for alcohol, (we doubt very much whether this figure will be reached by the end of the crop-year) and 5 million imported. Should the total disappearance be as much as estimated, the carryover at the end of the season will amount to 25 million bu. They further comment that with a prospective carryover and probable imports, total supplies for the 1944-45 season might be between 55 and 60 million bu, which should satisfy all rye domestic requirements unless very heavy feeding demands were again encountered.

The War Food Administration in their release of May 31st states that improved pastures have eased the demands for most of the items on the feedstuffs list with the exception of mill feeds. We feel that with the government's program of reducing the animal population, and with the less favorable feeding ratios, compared with a year ago, the demand for feedstuffs will undoubtedly abate. The corn-hog ratio for the week ending May 27th showed 11.1 against 13.5 a year ago, while the feed-egg ratio was 7.43 vs. 5.45 for the comparable period a year ago. We further note from the statistics that the weekly slaughterings under federal inspection at thirty-two centers for the week ending May 27th, of cattle and hogs, were 105,000 more animals than for the same period of last year, and that the average weights of the hogs marketed at Chicago, Kansas City, Omaha, St. Louis, St. Joseph, and St. Paul averaged approximately 26 lbs lighter than a year ago.

According to Sanford Evans, domestic consumption of wheat in Canada for home consumption, feed, seed, and alcohol will total 175 million bu, leaving a balance of 713,137,184 bu for export and carryover as of May 26th. For the forty-three week period, the total exports from Canada amounted to 250 million bu. Figuring 7 million per week for the remaining nine weeks, or an additional 63 million, would make a total of 313 million, leaving available for carryover on July 31st about 400 million bu. The same source comments that general moisture conditions in Canada have greatly improved and crop prospects are much more favorable.

After the close of the market yesterday, the government announced the new flour subsidy for the month of June, which shows a reduction of 6 1/2¢ a bu on hard winter flour, or the equivalent of an advance in flour prices of about 15¢ per CWT. This led to a large amount of flour business being booked prior to the deadline of midnight on May 31st. Under the circumstances, it was a foregone conclusion before the opening of the session that we would have a higher wheat market, and lifting of hedges was very noticeable particularly in September. However, best prices were not maintained, and at the close July was 3/4¢ higher and September 1 1/4¢ higher. With the booking of a large flour business the chances are that unless there is additional government buying in the near future flour business will subside for the present.

We have reports from a few of our Oklahoma stations that new barley and new oats have been received, and also one station reports a small amount of new wheat. We also hear from another source that the combines are in some of the fields in Texas and that early reports show heavy test weight, which is usually indicative of large yields.

So far this week Kansas City and Minneapolis stocks show a total decrease of 802,000 bu. Primary receipts were 2,408,000 bu compared with 1,895,000 bu last week and 1,253,000 bu last year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 2, 1944.

The speech of Sir John Henderson, delivered in April, on the British budget should be a matter of great interest. The Chancellor warned that the policy of stabilizing the cost of living through subsidies could not be continued indefinitely in the face of rising wage rates. He pointed out that the original program was initiated in order to prevent the necessary rise in labor costs. He seemed to be fully cognizant that some degree of inflation is unavoidable in a war of such vast dimensions, particularly in Great Britain, which is so greatly dependent on imports. However, he points out that in spite of stabilization measures, the wage rates have not been kept down, and therefore, subsidies have become more expensive and less effective. In England, the cost of living index stood at 28%, and the index of wage rates was 21 to 22% above the pre-war level, when the policies were first initiated, but he points out that today the cost of living is only 29% above the pre-war level, but that wages stand at a 40% increase. The cost of subsidies has increased from £ 70 million in 1940 to £190 million in 1943, with an outlook of a further increase for this year. The Chancellor sounded a post-war warning that it will require skillful management to avoid "a drastic curtailment in our volume of imports, such as might threaten our standard of life and gravely prejudice our prospects of active employment," as England will hardly be a creditor nation, and there will be very little contribution to the national income from overseas investments.

With debates in the House of Commons, the British seem to be concerned with how far they can go in world conferences as an Empire rather than as individual countries, and this question will probably be brought up at a future meeting of the Dominion's Prime Ministers. In pre-war days Australia and Canada were benefited by a tariff preference to the United Kingdom on wheat of about 5¢ per bu. During that period the British Isles, Eire, and some of the colonies were regular importers. Whether this preferential action should be continued after the war is a matter of discussion. As the records show during the period when the world was producing large surplus crops of wheat, competing exporting nations lowered their prices in order to offset the preferential tariff extended to the British possessions. Therefore, the benefit to the producers of such an arrangement was practically nil. There are many who lean to the thought that the only ultimate solution is a lowering of tariffs, and an abandonment of the policy of self-sufficiency, which was pursued in the pre-war period by so many countries on the Continent.

While wheat has found additional uses during the war period, these will undoubtedly be discontinued after a further resumption of international trade. For example, we could hardly expect that Argentina will use wheat for fuel if she can import coal. The usage of wheat for feeding in a country like the United States would be curtailed unless our government would continue to subsidize wheat for feed. There will undoubtedly be a much smaller demand for the manufacture of alcohol, and some of its uses for synthetics will probably give way when the natural products are obtainable. In casting about for new fields to conquer, there is a potentially large increased utilization in India. With a population of 350 million inhabitants, increasing at the rate of 5 million a year, that country no longer produces enough wheat for her own consumption. The All-India Food Grains Policy Committee is recommending that at least 37 million bu be imported annually, with 18 million bu additional the first year of peace to provide a central food grain reserve. It is also recognized that wheat cannot be grown efficiently in England.

There was some evidence of further hedge lifting on flour sales made the last day of May. However, the market receded on continual glowing reports of the new crop. The Robinson Elevator, who were rather pessimistic a few weeks ago, have raised their figures over 10 million bu. In Winnipeg we are advised that rains the past few days have put the crop in excellent shape. Mostly dry weather prevails over the Southwest, and harvesting is beginning to get in full swing in the early sections. At the close wheat was 1 3/8 to 1 7/8¢ per bu lower.

The feeling in rye is one of discouragement, and on declines the market lacked any real evidence of support.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 5, 1944.

Rome, the Eternal City, and the first Axis capital captured by the Allies, was lost by Germany shortly after noon Rome time yesterday. Leading elements of our Fifth Army troops have now passed through the city and are across the Tiber in some places. This news, while very important to the war effort, had very little influence upon either the stock market or on commodities. It had been expected for some time that Rome would fall, but whether we could conquer it without a difficult struggle remained uncertain until yesterday.

Our market this morning opened somewhat lower, and weather over the weekend had been almost perfect. It was rather warm in the Central States but high temperatures following recent fine rains are forcing corn, and some people are now of the opinion that the crop is not so late as had been feared owing to delayed seeding. In the Southwest, temperatures were moderately cool, while in the Northwest there had been some fine rains, these also extended into Canada, where there was considerable relief over the Prairie Provinces. Unless some calamity should befall the winter wheat crop, we would say that there is practically enough moisture to carry it to maturity, and as a matter of fact, harvest has already started in the early sections of the great Texas and Oklahoma wheat belt, with more bushels in prospect than last year, although possibly fewer men, fewer combines, and fewer box cars to get it from the field to market. In the Northwest, there will be some concern from time to time, although, generally speaking, recent weather has been favorable. Temperatures have been high enough to promote rapid growth, and taken as a whole the crop looks good all over the spring areas. There might be a few small exceptions, such as southern Minnesota, but in many localities the rainfall has been sufficient at least for immediate needs, but we are of the opinion that June moisture will play an important part in the final Northwest results.

Local buyers reported that corn bookings continue quite satisfactory and in most of the principal producing areas, satisfactory progress has been reported on land work during the past week. In the Ohio Valley planting has been mostly completed, and according to the government weekly about 50% of the intended acreage has been seeded in Indiana and Illinois, but there is no doubt a lag since their data was compiled.

As compared with the national goal of 67 million acres for wheat this year, it is hoped that just as much land will be sown one year hence, or possibly even 70 million acres, according to plans of the WFA. Acreage for rye harvest of about 2 1/2 million acres, or the same as last year is also being recommended.

We hear nothing further about an increase in the loan except that Mr. Vinson, Economic Director of Stabilization, recommended the enactment of a bill to increase the loan rate on cotton as the most direct solution of the parity problem. Of course, if also applied to wheat great difficulties might arise in years where other surplus nations would again be offering their supplies in exporting channels. In other words, in the years to come when smaller amount of our wheat would be used for feeding, we would have to meet export competition, and thus if the loan were placed at too high a level, it would mean that the government would become the chief holder, and, therefore, we would have to carry on the export business under a subsidy basis.

Chicago wheat stocks showed an increase of 422,000 bu, but a good part of the grain here is finally destined for feeding purposes. Rye stocks locally remain at about the 13 1/2 m illion bu level. The wheat visible decreased 3 million bu, and marketwise it will not become very important until the movement of new wheat gets under way on a heavier scale.

Most people believe that the Bankhead amendment will not become law, and most of the farm organizations are not particularly aggressive in trying to get it through. Probably one reason is that it singles out just the one farm commodity --namely, cotton. There was, however, a considerable amount of short covering in wheat and in rye. This makes for a healthier market. When buyers had completed their operations there was again a sagging tendency, and we believe this will be the pattern until pressure becomes heavier. Last wheat prices showed declines of 1/8 to 3/4¢ per bu. Rye was 1/4 to 3/4¢ per bu lower; July was relatively the firmest.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 6, 1944.

D-Day, which had been long-awaited, finally arrived, and about all people could talk about this morning was the invasion and our first successes along the French Coast. Apparently aerial opposition was considerably less than had been expected, and this permitted us to slash inland from the beaches, with the center of fighting reaching near a town called Caen, ten miles inside of France. Even the German news agency acknowledged that allied tanks had penetrated several kilometers between the towns of Caen and Isigny on the Normandy peninsula. People here found the news exciting, although, of course, somewhat frightening, owing to the fact that this is history's greatest overseas operation, with every known airplane and land mechanism being recruited for the well planned attack.

When our market first opened, prices were somewhat lower. Rye was especially weak, and the three deferred months made seasonal lows. Wheat was also subjected to some selling, although pressure was not extremely heavy, and when rye prices at Winnipeg rallied almost 5¢ per bu, there was considerable short covering here, and also some investment buying on the theory that if the invasion were immediately successful, it might necessitate tremendous shipments of grain to Europe. The stock market also after opening somewhat lower developed strength, particularly peace issues. Securities, such issues as gold, tire manufacturing, motors, etc., also international industries, were leaders in the advance, and this made some of the bears a bit cautious, despite the fact that crop reports were mainly of an optimistic nature, and there seems to be a little wheat moving already in the early sections of Texas and Oklahoma.

There was news from Washington that the use of corn or grain sorghums in industrial alcohol had been banned for the third quarter and distillers throughout the country have again been warned of the tight corn supplies, but apparently as an offset WFA has approved an order, which would permit the use of soft winter wheat in the manufacture of alcohol. As we understand it, this order is effective immediately and will remain in effect until September of this year. Some of the millers in the soft winter wheat districts have filed strong protests because the carryover of soft wheat is almost nil, and there will be many holes to fill up. However, it remains to be seen whether there will be any change in this recent directive. Other news did not count for very much. There seems to be a slight easing of feed grains, although the domestic disappearance of corn, oats, barley, and grain sorghums, plus the wheat and rye which has been fed, has been tremendous owing to the large numbers of livestock and poultry which have been tending to increase since 1940, and which only recently have shown a trend toward contraction. The BAE forecasts that the disappearance of feedstuffs during the present quarter (April to June) and the next quarter (July to September) will show a downward trend.

Primary receipts amounted to 2,165,000 bu; there was a holiday last week; a year ago they were 1,589,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 200,000 bu.

Markets were mainly firm after the initial weakness which came shortly after the opening. There must have been considerable buying, not so much for short account, as this had largely been taken care of yesterday. However, there was a little more confidence with rye prices at Winnipeg strong, also securities rebounding, and with news from Europe very reassuring. It is still too early to expect much pressure. We note that at Fort Worth nine cars of new wheat were received, and at Enid three of the ten cars were new wheat. It will take some time yet before harvesting operations are sufficiently advanced so that we can expect much pressure. However, we feel that this is still in the offing; therefore, what happens in the interim will be more or less the result of speculative trading.

There was considerable corn booked again from the country, and even though farmers are still busy in the fields, they have shown inclination to sell more freely with the good crop prospects.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

June 7, 1944.

All interest centered on the invasion developments, with further reports that vast supplies and more men were being landed on the French coastal areas. The news was optimistic, save possibly reports of weather with rough seas continuing, but this is normal for the English Channel, and the writer, who has made dozens of crossings, has experienced only one calm sailing between Calais and Dover, where the distance is only twenty-two miles. Unfortunately, Calais had probably been too well protected, and for that reason, sailings from Portsmouth or other embarkation points of Britain had to take the longer trip, which in some cases amounted to about one hundred miles.

There had apparently been considerable short-covering yesterday, and when our market opened this morning trade was influenced by the fine weather. There seems to be very little moisture in sight. Temperatures are satisfactory, and while there was not much pressure from the new wheat moving, there was likewise little incentive to buy. It seems that overnight there had been some additional sales of flour to Mexico, probably the wheat equivalent of about 400,000 bu, and it looked as though some wheat futures previously accumulated for the same account might have been sold. Also, there was news from Washington to the effect that Senator Bankhead was not pushing the 95% loan with great force, and it was thought that possibly a new cotton bill soon to be introduced might have taken the place of former action. All this contributed a little more to the bearish surroundings, with less thought directed to possible Lend-Lease shipments or other requirements to Europe as we continue to conquer territory.

The soft winter wheat mills are bound to be affected by the lifting of restrictions for this type of grain in the manufacture of industrial alcohol. For two years now, we have had virtually failure crops in the red wheat districts. It was necessary to import soft and club varieties from the Pacific Coast. In most cases flour shipments worked more advantageously than wheat due to freight rates, and if we create a partial scarcity by permitting soft wheat to be used too extensively for alcohol, it might cause dislocation. One or two millers with whom we talked in this territory thought that already the South was becoming accustomed to low protein hard varieties in the use of biscuits and pastry, and since we raise a comparatively small quantity of soft wheat in this country, the balance even in normal times is very closely adjusted. We have seen years when red wheat was offered freely on delivery contracts, but at other times with a slight scarcity premiums rose to 25¢ over futures, indicating that any extra usage or any decrease in production is often quickly reflected in the price.

WFA in its food trade letter points out that hog marketings are expected to continue fairly heavy all summer. At nearly all terminal livestock markets, the supply held over has been considerably greater than a year ago. A smaller 1944 spring pig crop is expected (the 1943 crop was 74 million head). Thus, it is likely that the demand for feeds will be on a diminished scale.

Primary receipts of wheat were not particularly heavy, and amounted to 1,851,000 bu compared with 2,979,000 bu last week, and 1,201,000 bu last year. Believe it will take a little time yet before harvesting operations enlarge, but this is bound to come. Kansas City stocks so far this week increased 131,000 bu; at Minneapolis there was a decrease of 330,000 bu.

Markets were reasonably weak right from the start. As we mentioned earlier, short covering had taken place in previous sessions, and this weakened the technical position.

Rye also turned rather weak. There does not seem to be any improvement in the cash demand, and while some larger quantities may be needed for making industrial alcohol, it is doubtful whether the total quantity will amount to as much as was formerly used in peacetime in the manufacturing of rye whiskey.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 8, 1944

It is rather peculiar in the grain trade how we often make the mistake of making comparisons with just one year. We mention this with respect to the carryover reserves in wheat, which last July amounted to 616 million bu, and which with the exception of one year was the largest reserve stock ever carried from one crop season to another. The average for the past ten years is 235 million bu, and in the ten years prior to the Farm Board Era, we carried over only about 120 million bu each season, so that it is quite apparent that while we shall have a reserve stock of about 300 million bu on July 1st, it is by no means small when we compare it with former times, or even with the average; but yet the President of the Grocery Manufacturers of America stated at their Annual Convention, "Despite the small carryover from last year's crop,there is still enough wheat for home consumption." Of course, population has increased in the meantime. Looking further at the picture of home utilization, it appears as though the home usage this season might be close to 1,100 million bu against 995 million bu the year previous, and 671 million bu two years ago. Furthermore, in forty-eight weeks of the crop season, we have exported close to 69 million bu, and nobody can tell for sure what we shall be called upon to do in the season ahead, except that in any case the domestic disappearance is bound to be smaller. On the assumption that the war might end during the next sis months, it is true that exports might be larger, but on the other hand, the quantities needed for commercial alcohol will undoubtedly diminish, and possibly in about the same proportion.

When our market opened this morning prices were somewhat lower. Crop prospects remained highly satisfactory, and several places which were beginning to complain of drought received overnight relief. This was particularly true in Nebraska, where the weekly report stated, "Summer fallow wheat in the Southwest and the Panhandle, which has been very promising, isneeding more rain. The upper two feet of soil moisture has been exhausted." Almost as though in answer to this prayer rains were reported this morning, and they also occurred in many parts of Kansas and in the Texas Panhandle, which is extremely fortunate, just about at the time that the wheat is filling.

We have cautioned our friends that it might be unwise to press the short side until there was a better relationship between futures and cash. In practically all cases, cash wheat isstill selling relatively higher thanfutures, and this may continue for a while at least, until there is more pressure and aheavier movement from the country.

Since August 1st of last year,wo have imported from Canada 175.5 million bu wheat, 54.6 million bu oats, and 27 million bu barley, or a total of 257 million bu of all grain. A fair amount of wheat has been re-exported, but the bulkremained here largely for feeding purposes. Additionally, it is thought likely, according to a report from Washington, that approximately 40 million bu corn will be imported into the United States from Argentina through private import channels between July and November, under a program which at least five government agencies have had a hand in formulating. Argentine could easily spare this if boats are available. She has a surplus of corn estimated in the neighborhood of 250 million bu.

Primary receipts of wheat amounted to 2,132,000 bu compared with 2,408,000 bu last week, and 1,331,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 321,000 bu, the shrinkage being at Minneapolis, with a small increase in the Southwest.

After mid-session there was a little more pressure on the market. The early rally was wiped out, and when Winnipeg rye futures went to the season's low there was a little selling here. The Van Dusen report on spring wheat says that the present outlook is decidedly favorable. However, they admit that reserves of subsoil moisture in a large part of the territory are inadequate, and frequent precipitation will be required to maintainthe crop's current condition. Last prices for wheat showed declines of 1/4 to 7/8¢ per bu.

Bookings of corn from the country were again substantial.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 9, 1944.

The war news was generally satisfactory. We are still striving to gain control of Cherbourg, which is one of the most important ports in France, but apparently the resistance is not as formidable as had been feared. For example, when the Americans recently stormed Hitler's vaunted Atlantic wall, this highly touted construction was pushed aside through the valiant fighting and bombarding of allied troops, according to I.N.S. We admit that it is unwise to become too optimistic, but yet one must take cognizance of the decadence of German leadership, and despite the fact that Germany has looted and pillaged the conquered nations, one could not buy an aspirin tablet in the whole country, and would have to have a doctor's prescription to obtain a bandage, not to speak of the shortage of sulpha drugs and other necessary articles which are in such short supply.

There is not too much attention being paid to foreign developments, nor do we hear a great deal of discussion as to the food and clothing requirements, as additional territories are conquered. More attention centers on crop developments, and with further rains overnight rather general, there can be no complaints of even surface moisture being deficient. It is quite likely that the government report issued after the close of the market today will reflect this optimism. As for rye, it opened somewhat weaker, and established new low quotations for the season. The July delivery at one time today was only 7 1/2¢ a bu higher than it was a year ago. Some of the cash rye being held here was accepted on tenders a year or more ago, and must have paid 15 to 18¢ per bu for storage, interest, and insurance. Thus, it has not been a very remunerative operation. There were times when the nearby delivery could have been sold out and deferred months purchased at a cheaper price, but instead the longs preferred to accumulate more rye, and consequently they have paid a fairly high toll for carrying this grain over a long period of time.

The distillers, who had been experimenting in rye flour for alcohol, gave a very discouraging report to WPB. They stated that the use of additional quantities of rye would further reduce production, and went on to say that the flour thus used substantially increased production costs, manpower requirements, and gummed up plant machinery. Owing to the fact that the rye flour was mostly handled in sacks, whereas wheat when used for alcohol was loaded out in bulk, there was also a big variance since it took thirty man-hours at times to unload a car of rye flour against five man-hours in the use of wheat. It is, therefore, possible that if WPB urges any further use of rye, it will involve the whole grain, but under these conditions, we doubt whether the quantities will be large. As a matter of fact, we shall probably carry over close to 30 million bu, or nearly as much as the size of the coming crop.

Not much is heard from Canada but crop prospects over the Prairies are generally improved by recent showers and rains. Wheat in all three provinces is from 5 to 6 1/2 inches high, and virtually all grains are seeded except for a small percentage of oats and barley at scattered points.

Canadian National report said that the early season picture of moisture deficiency has entirely changed, and from only a few areas come reports that moisture is not sufficient to carry grain until heading out commences.

Primary receipts of 1,769,000 bu were a little larger than last year, and compared with 2,104,000 bu last week. Kansas City and Minneapolis stocks so far this week show a net decrease of 583,000 bu. When the visible supply is posted Monday it will compare with a shrinkage last year of 4 1/2 million bu.

There was a rally in wheat on fear of excessive moisture, with more rain forecast, but since we are about three weeks from harvest in the big wheat territory, we believe that the precipitation should do more good than harm, and we take little stock in fears expressed that there might be black rust, unless, of course, the rains should continue indefinitely.

Toward the last rye futures became very weak, but market action was erratic and in the closing minutes a good recovery was staged.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 12, 1944.

The trade still has in mind the optimistic crop report issued on Friday, and the government pointed out at that time that growing conditions have been unusually favorable, and in spite of a late and uneven start, national crop prospects now appear better than on this date in any of the last ten years except 1942. The increase in winter wheat yields was pretty much in line with expectations, but a spring wheat estimate of 320 million bu was regarded by some as a little too optimistic for June. Moreover, the government has taken the national acreage intentions of farmers, which may prove to be a little higher than the amount actually planted, owing to the fact that there was considerable moisture, and producers could not get into the fields as they had hoped to do. In our opinion, one must reserve final attitude toward price levels until we know what the outcome of the corn crop will be. Planting has been late, and there is still a considerable acreage to be put into the ground, particularly in the wet areas of Minnesota, Iowa, and Missouri. However, the total acreage will be very large and probably more hybrid seed will be used than ever before. Last year we consumed about 3,300 million bu corn, and even this would have been insufficient except for the heavy imports of feed grains from Canada, and the fact that we used almost as much wheat for animal consumption as we did for humans. However, the animal population has been reduced, and still appears to be decreasing. There is no guarantee that we shall require as much wheat and rye for feeding purposes in the coming year as in the season just drawing to a close. In the meantime, prospects for early hay crops are excellent, and recent rains give assurance of a good crop of wild hay. The condition of pastures was reported as 89, the highest condition for that date since 1922, and as the government points out it is only reported that good when growing conditions are favorable quite generally in the farming areas of the country.

When our market opened this morning, prices were quite firm. There had been additional scattered moisture over the Southwest, although it was not particularly heavy in Kansas, but fair precipitation occurred in the Texas Panhandle. The heaviest rains were received in South Dakota, Iowa, and Nebraska, and it looks as though the latter three States would probably receive more moisture in the next twenty-four hours.

There is still some discussion on the Bankhead amendment, but even if the President receives discretionary power to advance loan levels to 95% of parity, it does not necessarily mean that it will be used. Actually, he has the power to maintain the rate at 85% on feed crops, such as wheat and corn, and this was done last year even though cotton loans were made at a higher level. We understand that there is not much sponsorship in the House, so that present legislation remains uncertain, and even if the Lower House would concur in Senate action, the President is apt to veto it.

As for rye, few people understand fully the latest directive. It is intended to absorb about 12 million bu rye for alcohol in the crop year starting next July, but WPB officially warned that the order would be revoked in the event of any speculative rise in the price of rye. In other words, while they are willing to see a 10% admixture to all grain malt, they seem to be sufficiently cautious in desiring to prevent any undue advance in the price level.

Primary wheat receipts of 3,320,000 bu were larger than last week by about one million bu, also slightly more than last year. The visible supply decreased 3,375,000 bu, although there was an increase at Chicago. The visible supply of corn and oats showed a gain, but there was a slight decrease in rye, still leaving large stocks in all positions.

The market declined rather easily and without much pressure; as a matter of fact, it will be 2 to 3 weeks yet before many hedges come into the market, although the open interest has risen to slightly over 39 million bu, but we expect if prices remain above loan levels that it will expand much further as time goes on. Local shorts apparently became overly enthusiastic with the weakness in Minneapolis. When covering took place here, prices rallied, and at the last were 1/2 to 1 1/2¢ per bu lower than the previous close. Carrying charges improved.

Rye showed some resistance, and nobody can tell yet what the exact situation is with reference to feeding during the coming season. Short covering in this cereal carried it slightly above the previous close. There was again fairly heavy bookings of corn from the country.

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CHICAGO MERCANTILE EX.

CHICAGO, 4
June 13, 1944.

President Roosevelt, in opening the Fifth War Loan Drive, struck a very optimistic note as to our progress in the war effort. He stated that Germany has her back up against the wall, in fact, three walls at once, referring to the campaigns in Italy, in France, and in the East on the Soviet front. He further stated, "We can force the Japanese to unconditional surrender or to national suicide much more rapidly than has been thought possible." While we all must realize that much hard fighting is still ahead, at the same time the progress of the different campaigns has led to an encouraged feeling in the securities market. This sentiment has also been helped by a statement from Senator George, Chairman of the Senate Finance Committee, that corporate and individual tax returns will have to come down when the war ends, and that preliminary work is under way to bring them down. The Senator apparently is fully cognizant that taxes will have to be placed on a reasonably moderate level to encourage business and to stimulate investment, which will have to be done in order to permit high peacetime production and employment.

The Commodity Credit Corporation reported that, as of May 31st, they owned 98,718,357 bu wheat and had loans outstanding of 18,470,136 bu. They further reported that sales of wheat for feed since July 1, 1943 totaled 301,022,722 bu. If we allow for another 30 million bu being fed up to July 1st, there would be a total of 331 million bu. Further allowing for possibly 100 million, or slightly more fed on the farm, it would indicate total disappearance for feed of approximately 430 million, indicating that the actual usage for that purpose may run slightly under original estimates, which were in the neighborhood of 470 million to 480 million bu more. However, on July 1, 1943, there were undoubtedly large bookings, which had not been shipped at that time, and which might therefore increase the above figures. Total purchases of Canadian wheat on May 31st stood at approximately 128 1/2 million bu, so that it appears as though we will consume well over 300 million bu of our own domestic wheat in the feeding program. In considering the feed program, it is also interesting to note that the average weight of hogs received at six markets for the week ended June 10th was still running lighter than a year ago. In Chicago, they averaged 15 lbs less, Kansas City 20 lbs, Omaha 21 lbs, St. Louis 4 lbs, St. Josepn 12 lbs, and St. Paul 24 lbs.

Within the past several days, Canada has received some very beneficial rains. Sanford Evans, in his crop report of June 2nd, states that heavy rains were general over the three Prairie Provinces in the three days prior to the report. Since April 1st, precipitation accumulations are now above normal over the greater part of Manitoba, Saskatchewan, and northern Alberta, and with the exception of local areas, conditions are favorable throughout the West, moisture adequate, and crops progressing. In this country there were some rains in the Southwest, and good moisture reported in the spring wheat territory. Rather heavy rains occurred in Iowa and Nebraska, further delaying field work in corn in the former State. Present corn prospects are not particularly encouraging in Iowa, where drier weather is required. However, on the other hand rains in Illinois have been extremely beneficial for that crop.

Our wheat market started with a weaker undertone without any particular evidence of hedging sales, but on the other hand, however, there does not seem to be much mill buying. Later in the session some black rust reports were circulated, partly induced by a report from the War Food Administration, stating that present indications are that stem rust will be prevalent this season in Kansas, Missouri, and Eastward. However, they qualified this statement by saying that it cannot be predicted how severe damage will be, but it is likely that some fields of soft wheat and later on fields of hard wheat will be damaged in Texas. We have had a few reports from the Amarillo section of the presence of black rust, but as a whole, we would not say that we have had typical rust weather, which usually takes place when conditions are more muggy. It is not infrequent to have some evidence of rust, and of course, much will depend now on the weather between now and harvest. As a rule the Texas crop is harvested before any real damage is done. These reports caused short covering on part of shorts, who preferred to take a more cautious stand awaiting developments. At the close July wheat was 1 1/2 ¢ per bu higher, and September 2¢ higher.

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June 14, 1944

Rust news dominated the market yesterday, and there was a report by WFA stating that there were indications that stem rust was prevalent this season in Kansas, Missouri, and eastward, although no prediction was made as to what damage, if any, might result. We believe it will be some time yet before definite statements can be made. At the same time, it is rather interesting to observe that the government weekly weather and crop report makes no mention whatsoever about this disease. It goes on to say that harvesting has advanced to some of the early fields in south central Kansas, while harvest is expected to be in full swing next week in Oklahoma. During last week there was extensive and unwanted moisture in many parts of the country, but even in Iowa, which was one of the wettest districts, 94% of the planting has been completed, although it averages about eleven days late for that State. We doubt very much whether hot, muggy temperatures have prevailed, which would tend to propagate rust, and while there is not a great deal of information available on the subject of rust, with respect to the winter wheat plant, we think it might be advisable to refresh our memories as to what occurred in previous periods when great damage was done.

The last important rust year was 1935. The outlook for the crop had been very good until about the 1st of July, but from that time onward, the big yields which had been forecast were greatly cut, and it was really the first time that winter wheat suffered materially, at least in the memories of many of the grain men now living. Prior to that we have to go back so many years in history to an important rust infestation year that it seems somewhat difficult to accurately describe the situations that existed. Therefore, we have to rely somewhat on memory, besides the statistics which are available. For the first time rust was recognized as such in 1904, and so little was known about it that not much attention was paid to it until the month of August, when the actual damage was realized. In that year spring wheat acreage was slightly in excess of 17 million acres, and the crop finally turned out to be 219 million bu, which was not a particularly bad crop. Even in 1904, there finally was a great deal of discussion whether the damage caused by black rust was really so great, or whether it was blight as the chief cause of the smaller yield. Ever since that period, farmers, traders, and crop experts have been watching for black rust yearly, and there has hardly been an exception when at one time or another black rust was not reported, or where it actually existed somewhere in the spring wheat States. But as a general rule actual damage was only trifling, although there was one exception in 1916, when the acreage was also about 17 1/2 million acres, and where the final yield was only 155 million bu. In that year the July prospects were still excellent, but the final crop turned out to be extremely small. So it is obvious that much damage occurs only about once every fifteen years or so; and we have only a few seasons when really severe damage was done, as even in 1904, the crop still turned out pretty well. As a matter of fact, in winter wheat the rust is actually less of a menace than in the Northwest. In recent years, more rust-resistant varieties have been seeded in spring wheat areas.

Primary receipts were rather small and amounted to only 1,432,000 bu compared with 1,851,000 bu last week, and 1,358,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 389,000 bu.

After mid-session, the Brown-Bankhead amendment was defeated in the House, which was a major victory for the administration, and this caused temporary weakness in cotton, and also in grains. Later on the House wrote into the Price Control Bill an amendment designed to give parity price for all farm commodities by penalizing the processors who do not pay parity. This amendment would require processors to pay parity on farm commodities or else they could charge only up to 90% of OPA ceiling price for their commodities. We find it difficult to come to an immediate conclusion because, frankly, we cannot understand it.

Markets seem to be nervous, and until such time as it can be proved whether or not the rust parasite has spread to more northern districts and caused damage, the situation remains uncertain. Wheat at the last was 1/8 to 1/4¢ per bu lower. Other cereals fluctuated much in sympathy with the leading grain.

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CHICAGO, 4 June 15, 1944.

Very little attention was paid to crop news or moisture reports, because of the more pressing developments at Washington, although in passing we believe it should be stated that weather on the whole was reasonably satisfactory. There had been some scattered showers in parts of the Southwest, mainly in the Texas Panhandle, and there is also a forecast for scattered thundershowers but there have been dry periods in between, and as a matter of fact, we have had very few complaints. In Canada, an almost unprecedented improvement has taken place during the past two weeks; and moisture conditions in the Prairie Provinces are very good, according to the Searle Grain Co. report. The season started out with almost a drought appearance, but timely rains were reported and the moisture condition which governs yield per acre is now 94.4% of normal compared with 80.6% on May 15th, and 100.9% a year ago.

When our market opened this morning, shorts seemed eager to cover. The tickers yesterday carried the Pace amendment, and while the wording was somewhat confusing, the idea apparently was a support or a guarantee price to farmers of 100% of parity on all agricultural products. In trying to administer such a law, all intermediate handlers and processors, and even wholesalers and retailers, of processed products would be involved, at least in cases where the farmer did not receive parity on the raw products. Under such circumstances, the price would have to be reduced to 90% of the ceiling except where full parity had been reflected. It is generally recognized that the amendment may be completely re-written in conference, although in principle some think it has administration support. We understand that the Senate conferees have not yet been appointed, and other advices from Washington are to the effect that the Pace Bill will not become law. There is, however, a stronger possibility that the 95% loan will be accepted, and might even be made mandatory without allowing discretionary powers to the President. Some believe that other products will be included under the loan, possibly rye, but with such uncertainties no human being can try to forecast future events. It may be several days yet before there is a clarification of issues.

In the meantime, the short interest must have been greatly reduced. The demand for shipment of feedstuffs has slackened considerably because of continued improvement in pastures and very favorable crop reports. We note also that the number of cattle and sheep received in eight of the important feed producing States is on a greatly reduced scale, --about 25% less than last year for the month of May, and 30% less for the five-month period starting last January. The Chicago corn-hog ratio was lower than last week, the present ratio being 10.9 compared with 11.2 the previous week, and 13.5 the comparable period a year ago. Even alfalfa meal, which a few weeks back was so difficult to procure, is now offered in various sections of the country, with demand reported rather slow.

Primary wheat receipts were 1,947,000 bu compared with 2,132,000 bu last week, and 2,142,000 bu last year. Kansas City stocks so far this week decreased 87,000 bu.

Markets were extremely strong, but heeded almost entirely legislative news. It is difficult for us to conceive that the Price Control Bill, which is intended to combate inflation, should have included in it certain provisions to practically guarantee parity levels. Just as an example of how the public construes it, we need only look at today's prices for cotton and grains.

Wheat prices touched the ceiling, but reacted, closing about 2 1/2 to 3¢ higher.

Other cereals sympathized with wheat, and at one time rye was also up the full permissible limit, but reacted considerably.

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CHICAGO, 4 June 16, 1944.

Taking the country as a whole, most foods will be in plentiful supply for civilians during the early summer, and with weather and growing conditions favorable the outlook for most fruits is good, especially for peaches, pears, and apples, the conditions being much higher than last year, and above average. The early peach crop is indicated to be more than twice as large as last year's short crop, and in addition to this citrus supplies will continue large. Victory garden production will again supplement commercial supplies for our civilians, while the supply of potatoes and of canned vegetables are considered adequate. This is all highly satisfactory, particularly when we consider that the requirements for our armed forces, Lend-Lease, and other exports have been growing each year since the outbreak of hostilities, and while our exports for these purposes amounted to only 6% in 1941, 15% in 1942, and 21% in 1943, it is considered likely that we shall ship about 25% of these affected commodities in the current fiscal year. While there are some complaints that the choicer cuts of both rationed and non-rationed meats are not sufficient, the total supply continues at a high level. The Department of Agriculture figures that supplies available to civilians will remain large through most of the July-September quarter, although may decline somewhat from present high levels in the fall months.

When our market opened this morning, there was no special trend. The House and Senate conferees were scheduled to meet today in an effort to iron out legislative matters pending, but the uncertainties are so great that few traders were willing to take much of a position. With a few weeks another crop year will draw to a close and up to the present time, we have exported about 70 million bu wheat and flour. Thus, when it is considered that our total wheat supplies last July were 1,452 million bu, it is quite obvious that in the present war the heavy disappearance is not due to large shipments abroad, but rather to the enlarged feeding program. This will again be the key to the situation in the months ahead. Regardless of what form legislation will take, nobody can come to any definite conclusions until we know more about the probable size of our corn crop, although despite excessive moisture in parts of Iowa and Minnesota, there are still those who believe that a 3-billion bu crop will be realized. The Kansas Grain & Feed Dealers Association predicted that this would happen in spite of shortage of farm labor and other obstacles. In the meantime, cattle and feeding on good pastures and excellent soil moisture conditions over most of the important areas has given us a very optimistic picture from that point of view.

The widespread and generous rains over the western Canadian Provinces have been responsible for rapid growth of wheat and coarse grains, and the Canadian Pacific crop report is quite enthusiastic about the outcome. This will undoubtedly enable us to import considerable quantities of grain in the year ahead. Since last August, there has been 180 million bu wheat brought from Canada to this country, 58.6 million oats, 27.5 million barley, or a total of 266 million bu all grain. Of course, quite a large amount of the wheat came through here in transit and was re-exported, but in any case we could not have maintained the feeding program without these supplementary supplies, even though an additional 350 million bu domestic wheat was used for animal feeding.

Primary receipts of wheat were 2,101,000 bu compared with 1,769,000 bu last week, and 1,726,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 541,000 bu. When the visible supply is posted Monday it will compare with last year's decrease of 3 million bu.

Trade was not nearly so active as it was yesterday, but it seems that the Conferees have come to no decision yet, and nobody can tell what will be done at the last minute if there is a temporary recess before the National Conventions take place. In any case, shorts had covered so well that on small liquidating sales markets reacted, and at the last prices were down 3/4 to 1 1/4¢ per bu.

There seems to be a fair amount of corn coming to Chicago, and we think that elevator space will be pretty well filled even before the wheat harvest, but of course, some of the feed wheat stored here is apt to be moved out by the government in order to prevent any possible congestion.

Rye prices while quite strong at times also reacted, and the close was lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 19, 1944.

Reports from the Southwest were practically all optimistic. Besides this the writer spent the weekend in Kansas, and last Saturday was "wheat improvement" day. when men congregated fromTexas, Oklahoma, Missouri, and Kansas, and both farmers and grain men who attended the meeting were very jubilant over prospects. Practically no mention was made of rust, and we find again that there is little concern in the weekly letter issued by WFA, in which it claims that infection from this disease does not appear to be widespread. Apparently there is appreciable stem-rust infestation, but it is restricted to an area in northern Texas and is principally on soft wheats. As one goes northward from central Oklahoma, rust decreases in general until there is only a trace in occasional fields in southeastern Nebraska. It is claimed, however, that strong winds prevailed during the first week in June, which may have caused additional infection. On the whole early winter wheat harvest has advanced sufficiently far so that cutting has taken place in early fields in south central Kansas, while harvest is expected to be in full swing this week in Oklahoma. The late crop shows improvement in those States, according to the same source. There were 815 cars of wheat at Enid today, and we expect that within the next week or two the movement will enlarge considerably.

When our market opened this morning prices were somewhat lower, but there is still only a fair amount of hedging, and speculative sellers are quite cautious owing to the fact that there has been no definite news on pending legislation at Washington. We understand that the conferees did not meet yesterday, but went into session again this morning. A loan of 95% of parity would in our opinion be very unsatisfactory insofar as it relates to wheat. By this we mean that if the impoundings would be very large and the wheat would stay in storage for more than six months, the accumulated charges would amount to about 13¢ a bu. Therefore, it would be impossible for farmers to redeem their grain, as has always been the case when the loan was at a lower percentage basis. The result would be that everything would be defaulted, and finally the government would fall into possession of tremendous quantities; they would be the sole sellers except in the case of small non-cooperating farmers, or in other instances where the grain had been marketed and no loan had been taken. We also feel that since both the Bankhead amendment and the Pace Bill are more or less inflationary, the administration will not take kindly toward either of the issues, and this may finally have some bearing upon our legislators.

Planting of corn is about finished, although it is later than average in most sections of the belt. However, the reports on germination are general, and cultivation of early fields is proceeding. Warm weather in many sections last week was considered beneficial; and while there were some unwanted rains again in Minnesota, Iowa, and northern Missouri, other sections report marvelous growth and the early planted fields in Illinois range up to 30 inches in height. Some of this is acreage which was planted the first half of May, although on later plantings, especially where moisture is now lacking, prospects are said to be only fair. Taking the State as a whole, the crop outlook is more favorable than a year ago, and all that seems to be needed to make a large crop is uniform rainfall, with continued hot, humid weather.

Primary receipts of wheat amounted to 1,782,000 bu compared with 3,320,000 bu last week, and 3,657,000 bu last year: When the visible supply was posted it showed a decrease of 1,800,000 bu leaving total stocks just under 80 million bu, or about 52 1/2 million bu smaller than in 1943. At Chicago there was a decrease of 721,000 bu, leaving nearly 10 million bu here, but we believe the government feed wheat will gradually be ordered out. The rye visible showed a slight increase, with total stocks in the country close to 21 million bu.

There was more or less indifference today. The House and Senate Conferees who were considering the various amendments to the Price Control Bill adjourned at noon without coming to any public decisions, but trade will continue nervous until these various issues are clarified. Final prices were unchanged to 3/8¢ per bu lower.

In rye, the nearby deliveries were comparatively the strongest and the deferred futures were the weakest.

UHLMANN GRAIN CO.

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CHICAGO, 4

June 20, 1944.

The House and Senate conferees have been meeting in day and night sessions, trying to come to an agreement on the various amendments to the Price Control Bill. It is pretty well established that the parity concept has taken such deep root in the minds of legislators that practically all official thinking revolves around this theory. National wheat parity on farms is $1.50 per bu, and this is the government's way of telling us what wheat should sell for in order to have the same purchasing power as it had in the base period before the first world war. It should be borne in mind that during the last six months wheat almost everywhere has sold at parity levels, and it was necessary to have ceilings in order to prevent further temporary advances. We are wondering now that post-war programs and developments are being discussed, whether thought will be directed to the possibility that economic pressure may force the abandonment of price stabilization, as was the case after World War 1. We do know that it is planned to have loans operative for two years after hostilities have ended, but in the realm of agricultural products, and speaking in a general way, if support prices are indefinitely continued, it could only be interpreted as a move toward economic isolation. As Broomhall points out, "Since the United States has probably the highest standard of living in the world, the result of tying wheat prices to that standard would logically result in the country retiring permanently from a competitive world market, or stabilizing exports."

When our market opened this morning, it was influenced by reports from Washington that the conferees had composed some of their differences, but the information was somewhat garbled. It intimated that government loans would be made on basis of 90% of parity but no mention as to whether this would be mandatory for wheat and corn, or whether it would be left to the discretion of the President as in the past.

About mid-session another announcement came from the East indicating that the loan rate on feed grains would be permissible at 85% of parity covering both wheat and corn, and this amendment to which the conferees had agreed left the discretionary authority to the President the same as was previously done. We presume that there must be considerable pressure but the same arguments still hold good: namely, that we are trying to maintain feed prices at levels which will encourage feeding. It takes about 7 lbs of dry matter in the form of grain, in addition to the hay, forage, and pasture, to produce a pound of dry matter in the form of livestock products. This is a luxury that few nations can enjoy even in times of peace, and it is obvious that we could not do it in time of war if a program were encouraged that would artificially tie up too much grain in the loan instead of permitting it to be used in the usual consumptive channels.

Primary wheat receipts were a little bit better, and amounted to 2,480,000 bu compared with 2,216,000 bu last week, and 2,294,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,046,000 bu.

Most of the action came right after the opening, and with most of the shorts eliminated from the market in recent days, there was a fair amount of selling, although no hedging of importance. It seems from latest news we can obtain, the conferees will probably hold a final meeting after this letter has been completed. Details of the amendments have not yet been officially divulged. However, the important item, in our opinion, is the fact that a billion-bushel crop of wheat is in prospect, and if this materializes we expect to see considerable hedging from time to time. It is even quite likely that prices will sell below loan levels, especially in the first few months after harvest. Final prices showed declines of 1 3/4 to 2¢ per bu.

Rye was also weaker, but showed some resistance, and we believe that there was some spreading where purchases of rye were made against sales of wheat. The differences between the two cereals are great, and possibly rye may have comparative merit, with the May future selling 45¢ under the similar future of wheat.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

June 21, 1944.

For some unknown reason this morning markets were firm to higher when the opening gong sounded. While nobody could have been entirely sure whether the legislation would take a favorable turn, it now seems practically assured that after the conferees have concluded their liberations, they will recommend that the 85% of parity loans for corn and wheat be kept in force for another year. There were some concessions in cotton, but as far as grains are concerned, we believe that the stand has been taken that if loans were granted on too high a percentage basis, the farmers would be forced to default, and, therefore, with no chance for redemption, as in other years, we might finally reach a very critical situation. Moreover, ample provision has been made so that producers would receive the full parity, and there are still large sums of money being paid each year either in the way of soil conservation payments or other bounties. Even with the parity level much higher now than when it was first put into operation, farmers have kept pace with the advancing prices of goods they buy, and their incomes,(as the figures of the Department of Agriculture shows) are larger now than at any time in history.

There was other grain news also of a bearish tenor. First of all, moisture had been expected overnight for southwestern areas, but instead it had been all clear and the crop seems to be ripening now, with cutting in some localities, and nearing maturity elsewhere; yields are expected to possibly outrun last government estimates. It was also another good week for crops in the Northwest. Weather the first part of last week was rather warm, with scattered showers; then it turned quite cool in the closing part, and there were rather general rains. Many stations report from a half-inch to as much as 3 inches in moisture. Over virtually all the territory, there is now enough moisture to head out the crop and to get it started filling. While a good many people felt that the June government report was too optimistic, there seems to be a pretty fair chance now that the outturn will equal the last estimate, and if this is the case, it assures a billion-bu wheat crop for the country. Moreover, Canadian weather has been splendid, and reports from that country should also be reassuring, with the possibility that final yields will be much better than early estimates. Warm weather and sunshine would now be welcome in most sections of the West.

Little attention was paid to the WPB announcement that alcohol for beverage purposes would be permitted during the month of August, owing to the fact that war needs have been sufficiently well covered so that a month's respite had been ordered. As we understand it, with the stocks of whiskey now on hand, alcohol can be blended in order to alleviate the present shortage, but it is even doubtful whether much rye will be needed or used under the new set-up. As a matter of fact, a previous directive to distillers requiring the use of 10% rye in all industrial alcohol production, which was officially announced June 10th by WPB, never has been issued. Tests showed that the use of rye yields correspondingly less alcohol, and while proposed by the chief of AAA, some opinions in Washington were expressed that the rye proposal was merely a scheme to move the surplus of rye now in Middle-West elevators and to boost the price above the present level. The allocation for beverage alcohol will amount to 20 to 25 million gallons, but since this is 190 proof, it will be a great help in aiding the beverage industries since whiskey is only 86 to possibly 100 proof, or in other words 50% of pure alcohol.

Primary receipts of wheat were 1,965,000 bu compared with 1,432,000 bu last week, and 2,232,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,279,000 bu.

In another week or two receipts in many of the southwestern points should expand materially and gradually more pressure undoubtedly will be exerted on the market. This leads us to believe that lower prices are in prospect. Our market today showed declines of 3/4 to 1 5/8¢ per bu.

Rye was comparatively firm early, but later yielded ground; and we do not see any reason to expect much improvement in the demand, particularly if feeding operations are reduced. Look for continued carrying charges.

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CHICAGO, 4

June 22, 1944.

The early reports of the naval battle in the Pacific area indicates a major victory for the American forces. Admiral Nimitz in his communique intimates rather material damage to the Japanese fleet, and an Associated Press article from New York states the destruction or damaging of fourteen ships was the third greatest single blow dealt the Japanese battle fleet in this war. With encouraging news from all fronts, more attention seems to be focusing on the reconversion period, although no let-down can be made in our all-out effort to win the war. Naturally as the finish appears over the horizon, we will be called upon to face post-war conditions, and it might be well again to draw attention to the remarks of the President of the Liverpool Corn Trades Association. In his annual address he stated, "In the history of the world, there has never been an unwanted surplus of wheat, and that in time of depression in the inter-war period, there was a vast unfilled demand, which remains unsatisfied because governments, by innumerable methods, direct or indirect, sought to prohibit, restrict, and canalise trade." Among the more harmful of the obstacles were the high tariffs and quotas, which were as damaging to international trade in wheat as any single item.

Sanford Evans, in his release of June 20th, speaking for Canada, states that weather conditions have been favorable to the crops in the three Prairie Provinces, that moisture supplies are now as a whole adequate, and excessive in some places. For the first forty-six weeks, exports from that country have totaled 266 million bu. With six weeks of their crop year still to go, and allowing for about 6 million bu a week, it would bring the total exports up to approximately 302 million bu. As they started the year with supplies of 713 million over and above home requirements for feed, seed, alcohol, and human consumption, it would indicate a carryover into next year of somewhere around 411 million bu. In looking at conditions in other countries, it seems that better progress has been made in a number of regions of Russia and that the acreage sown this year will probably exceed by 8.6 million the amount sown in the same period in 1943. In this country dry weather has prevailed the past twenty-four hours in practically all sections of the winter wheat belt, with the possible exception of the northern tier. Temperatures have gotten on the high side and will apparently stay there for another twenty-four hours. With clearing weather, harvest is proceeding, and we look for a continued increase in offerings. How much wheat will go into the loan this year still remains a matter of conjecture, depending entirely on the price situation at the time the movement is in full force; all early reports indicate very heavy yields. There was evidence of flour business being placed overnight, Should the crop turn out as well or better than anticipated, we undoubtedly will have lower wheat prices, which in turn should probably mean a reduction in the flour subsidy for the month of July, thus possibly stimulating the flour business for the next ten days.

There was further short covering in both wheat and rye due to the announcement that a distiller in Belvidere, Illinois, had received a directive from WPB ordering them to use 10% or more of rye or granular rye flour for a three-month period, starting July 1st. There were some traders who also believe that if corn was barred during the August whiskey-making holiday, it might mean the further use of rye. However, we should like to call the trade's attention to the fact that distillers normally do not buy rye by quality but rather by sample, and that rye which may be graded "plump" does not necessarily show under the category of "plump distilling rye."

Primary receipts today totaled 2,246,000 bu as compared with 1,947,000 last week, and 2,595,000 bu the same day last year. So far this week, Kansas City and Minneapolis stocks show a decrease of 1,694,000 bu

In addition to flour business and short covering, there was evidence of the lifting of hedges against what may have been an export sale. At the close September wheat was 1 1/8¢ per bu higher, while December was up 1 3/8¢ per bu.

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CHICAGO, 4 June 23, 1944

Despite rather unfavorable early reports of conditions in the three Prairie Provinces of Canada, the situation is now materially changed. Both the Bank of Montreal and the Canadian Pacific Railroad, in their crop reports, stressed that recent good rains over most sections have made the outlook quite favorable, and that wheat is showing a healthy, thick stand. Moisture is now adequate for the present except in the extreme west central section of Saskatchewan, east central and southeastern Alberta. Although earlier in the season rainfall was deficient, the precipitation since April 1st to June 19th, inclusive, shows an average in Manitoba of 6.69 inches against a normal of 4.67; Saskatchewan for the same period has had 5.58 inches against a normal of 4.28, while Alberta has enjoyed 5.26 inches against a normal of 4.34. Naturally this moisture has not been uniform in all sections, and there are still areas that are below normal, but as a whole the condition is most encouraging.

In our own Northwest, the condition is also extremely bright. The U.S. Department of Commerce, in their report on North Dakota, points out that the weather during the past week was cool and cloudy, that surface and subsoil moisture is now ample generally, while some low ground is too wet for cultivation. From our winter wheat section, we have had one or two complaints from western Kansas that wheat is shriveling from the extremely high temperatures of the past two days, although cooler weather now seems to be predicted. Any loss that may be sustained in lighter test weight wheat throughout that section we feel is more than being made up in glowing reports of yields from Oklahoma and Texas, where the movement is getting under way and where the only handicap is apparently a shortage of cars in certain localities.

The General Manager of the National Livestock and Meat Board stated in his annual report that in the first five months of this year, the number of cattle slaughtered under federal inspection was 21% larger than the same months a year ago. Hog slaughter ran 46% greater, and sheep and lambs 3%. As we have mentioned many times the solution to the shortage of feed grains inthis country is a reduction in the hog population. The Department of Agriculture now states that the hog production in 1944 is declining sharply from the all-time record high of 1943. The spring pig crop is estimated at approximately 56 million head, which is 24% smaller than 1943, with an indicated fall crop of 32 million, or a decrease of 33% from 1943. The total would represent a decrease of 28% under 1943. In view of the decline in the feeding ratio, the above figures should be no surprise. For the week ended June 17th, the Chicago corn-hog ratio stood at 10.8; this compared with 10.9 the previous week, but is comparable with 13.5 for the same week a year ago. The feed-egg ratio is also less favorable, and stands at 6.84 against 5.43 for the same week of last year.

The wheat market opened with a strong undertone, and gained strength throughout the session. There was quite a little evidence of mill buying, and undoubtedly flour business is taking place in anticipation of a reduction in the flour subsidy for July. There is no particular pressure from hedges at the moment, and much of the new wheat moving in Texas and Oklahoma temporarily is finding its way into storage. However, with prospects as excellent as they are, cash wheat should become freer as the movement enlarges, and will have more bearing on market prices. At the close September wheat was 1/2¢ per bu higher, and the December 1/4¢ up. There were three cars of new wheat received in Chicago today.

The War Production Board announced after the close of the market yesterday that all distillers using grain in the production of alcohol had been directed to use rye to the extent of at least 10% of their grain consumption for July, August, and September. It is estimated that this should entail about one million bu monthly. However, by putting this on a quarterly basis, distillers may possibly be permitted to use the entire amount in one month rather than spread same. There was further buying of rye on this directive, but we feel that the present advance pretty well discounts the effect of the directive. As to how much rye stocks in Chicago will decrease remains to be seen, as it must not be overlooked that all rye is not equivalent in starch content. Furthermore, full effect of any reduction in the Chicago stocks may not be felt marketwise, as it is presumed that some of the larger holdings of cash rye in this market are not hedged.

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CHICAGO, 4 June 26, 1944.

There was no special news over the weekend. Weather on the whole was favorable, and while temperatures were somewhat high in the Southwest, there was at least some relief at night, and winter wheat is reported ripening rapidly in the Ohio and lower Missouri valleys, with cutting beginning unusually early in Ohio and seems to be general from southern Indiana westward to southeastern and south central Kansas: In northern Kansas harvesting is expected to begin in a week or two, while early wheat is turning in southern Nebraska. There has been good progress in both Texas and Oklahoma. Today wheat receipts at Enid were over 1,000 cars, indicating that the movement is already under way. Generally speaking, good yields are reported in practically all sections. There may be a little shriveling of the kernels as a result of high temperatures, but nothing very serious, and from all appearances we would say that a lower protein crop is in prospect, with premiums somewhat higher already for the better types, and after four or five years of very high quality wheat, we may have a season of lower gluten content, which would not be at all surprising:

Shortly after our market opened, wheat prices firmed up, and there was an item on the broadtape indicating that in the Price Control Bill, which now rests on the President's desk awaiting signature, there is one amendment to which very little attention had been given earlier, but this dealt with the provision that the Chief Executive, acting through any departmental agency or office of the government, should take all lawful action to assure the producer of basic commodities that he would receive the full parity value for his product. It seems that almost every few days something is mentioned in Washington about the desirability of procuring full parity, but as we view the situation, with the 85% parity loan, plus soil conservation payments, plus the possibility of parity payments, etc., the farmer is really getting all that the law intended for him to have. Therefore, we do not believe that even though special mention had been made in the bill that it will necessarily change existing regulations. In other words, the farmer is really getting parity already, and in some cases last year when prices were above loan levels, he was actually doing a little better, so that there is no need for further protection, as we veiw the situation.

In the final analysis one must await the outcome of the corn crop because obviously it will have an important bearing on other cereals. Fortunately, the reaction to warmer weather in the principal producting States, with sufficient soil moisture almost everywhere, has been favorable for rapid growth of the corn crop, although in parts of Iowa and the Northwest it was almost too wet. There had been some complaints because of inability to cultivate,and fields have become weedy, especially so in the wet sections, but in the important areas the crop has progressed very favorably, with stands satisfactory and color mostly good. In Missouri, some early corn is already knee-high, and we understand that even in Iowa, despite many weedy fields, the best corn is already knee-high, and a little has been laid by too tall now to cultivate. With the chances of our hog population being reduced, say 25%, we should be in a better position to take care of our feeding requirements, although it is still possible we may augment supplies through imports from Canada, and possibly smaller quantities from Argentina.

Primary receipts today amounted to 2,976,000 bu compared with 1,782,000 bu last week, and 5,348,000 bu last year. The visible supply was not posted by the close, but will probably show a decrease when all the figures are assembled. This undoubtedly will be the last decrease, as large arrivals should show an accumulation in store by next week.

There was never much weakness. The warm weather had more influence on oats than on other cereals, but there seemed to have been a fair amount of short covering in wheat. This was based largely on the possibility of government purchases, although there is nothing definite at all that the parity feature of the OPA Bill will be so construed. We doubt very much whether the administration wants to buy up the major crops, such as cotton and wheat, particularly since the war is somewhat nearer an end. Last prices were 1/2 to 1¢ per bu higher.

Rye was somewhat firmer, but the cash demand is still la rgely for the better varieties. We understand there has been an embargo placed upon Canadian imports at Buffalo.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 27, 1944.

Ordinarily at this time of year we would be getting rather complete crop reports fromEurope, but, of course, so long as the war lasts the news will be fragmentary. First of all, it is difficult to get much from Germany or the subjugated countries. Furthermore, the allies are not going to give their hand away, but it is at least certain that the outlook is by no means favorable to the axis, according to information received by our Foreign Agricultural Relations Department. There is definitely a shortage of manpower, fertilizers, farm equipment, and in addition to this the impact of military operations on production and transportation is apt to have a very telling effect in the year. Up to the present time the German population has fared much better with respect to foodstuffs than in World War 1, because of the expanded output at home, supplemented by the looting of the axis-occupied areas, and also the the efficiency of the German food distribution system. From now on, however, the takings from other countries may be severely curtailed or eliminated; moreover, mass bombings of transportation has severely interfered with storage facilities and has also hurt them in the distribution of supplies, with railroads already working to capacity.

When our market opened this morning, wheat prices were very firm. There had been considerable flour business overnight, which necessitated buying of hedges both here and in the Northwest, but in addition to this, further consideration was given to that one paragraph in the new OPA Price Control Bill, with some leaning to the thought that purchases might be made for government account in an effort to keep wheat prices close to parity levels. We do not share this view for the reason that there was considerable argument by the Conferees as to whether the permissible loan should be raised, and obviously there would have been no necessity for this discussion had it been the intention to establish parity levels for farmers by actually buying up crops, and without giving regard to other bounty payments. Furthermore, we are mindful that on October 3, 1942, the President in discussing policies relative to agricultural commodities made the following statement: "In establishing, maintaining, or adjusting maximum prices for agricultural commodities or for commodities processed or manufactured in whole or in substantial part from any agricultural commodity, appropriate deductions shall be made from parity price or comparable price for payments made under the Soil Conservation and Domestic Allotment Act, as amended, parity payments made under the Agricultural Adjustment Act of 1938, as amended, and governmental subsidies." Under these circumstances, we doubt very much whether the administration will attempt to provide full parity for farmers in addition to the soil conservation and other payments, which from time to time are being made. Parity payments can always be voted.

Overnight other news was not much different from what we have had. Southwest weather showed high temperatures rather generally, although cooler weather is expected by tomorrow. There have been very few complaints, although the wheat in the latter areas may be ripening somewhat faster than if we had not had the excessively warm days in June. In the Northwest, the outlook is still satisfactory. In Minnesota, North Dakota, and Montana, all crops are earlier than last year, and according to the Northern Pacific Railroad report material improvement has occurred since June 1st, as the result of low temperatures and bountiful rains. In fact, all areas that were previously dry have received adequate rain, but almost everyone admits that another very big crop is in prospect barring a July drought, or possibly a protracted period of high temperatures. The report further states that if present prospects are maintained, we may have the largest wheat crop ever grown in North Dakota.

Primary receipts were 2,185,000 bu compared with 2,470,000 bu last week, and 3,314,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 43,000 bu.

With short covering and flour business prices were strong. There may be further business between now and the end of the month since in some quarters a lower flour subsidy is expected. However, as time goes on hedging pressure should also increase. Final prices showed advances of 1 3/8 to 2¢ per bu.

Rye was firm, but there was no feature.

Oats were up in sympathy with wheat.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 28, 1944.

Cooler weather had been expected in the Central States but did not materialize everywhere. Temperatures dropped considerably in Iowa. It was also not so warm in the Southwest, and it looks very much as though there would be complete relief by tomorrow. In the meantime, we are getting extremely optimistic reports from the Southwest. In Texas, weather has been ideal, breezy and cool, and yields are coming in way above average. The first run west of Amarillo, around Adrian, claimed 40 bu to the acre, testing 64 lbs. There were some phenomenal yields in the Spearman-Perryton districts, where the big acreage of the Panhandle is located, and there the reports claim 40 to 55 bu; in fact, a few claim as high as 60 bu per acre. Harvesting is not yet general but will be by the end of this week if weather conditions remain favorable. Our representative, who has had a good deal of experience in estimating crops, thinks that Texas could raise as much as 75 million bu. The government weekly weather and crop report was also flattering in commenting on conditions, and winter wheat seems to be about made. In most areas weather in the past week was ideal for harvesting. They also say that spring wheat continues to make very good to excellent progress, except for some reports of Hessian-fly damage in North Dakota.

The trade was more interested in political news. There has been considerable concern during the past few days over the one amendment to the Price Control Bill, with nobody being quite sure how the President will use his legal powers to attain parity levels. It is expected that he will sign the bill next Saturday and make a statement at that time. We have pointed out repeatedly that both the administration and the Congress were more interested in seeing that the farmer receive parity income, but were not necessarily determined that this should be reflected in the price received for his products. It has been for that reason that loans during the past years on wheat and corn were never made higher than 85% of parity, but it was recognized that other bounty payments made up the difference, and certainly the farmers could never complain when receiving such treatment. Furthermore, there is nothing in the parity concept which distinguishes between poor yields and large yields, and it is very obvious that with wheat turning out so much better than expected, there is no reason for priming the inflationary pump in buying up wheat to bring it to the full parity level, when the results are already very satisfactory and producers seem content with their status.

Russell's News Agency in New York said that they understood that all the talk of the government embarking on a purchasing program was without real foundation, and they further believe that when parity price levels were considered as called for in the new bill, the government would still consider the benefit payments as part of the producers income. Others are of the opinion that the President may embark upon a different farm policy from that which has been in effect in recent years, with some talk that production costs rather than parity concept be emphasized. Of course, nobody can be sure, but so long as there are these uncertainties, markets are bound to be nervous.

There was further flour business overnight and no doubt these buyers were also influenced by the same considerations as wheat traders. Meanwhile, there is not much pressure from new hedges, and advances in recent days have been pretty rapid.

Primary receipts of wheat amounted to 2,389,000 bu compared with 1,965,000 bu last week, and 2,785,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 154,000 bu.

At times wheat was very firm, with more short covering in evidence, but mills seemed to have bought their hedges early, and when the market received no further support from that source there were reactions, final prices being 1/8 to 1/4¢ per bu lower.

Rye never showed much gimp: in fact, it lagged even when wheat was strong. Despite the recent directives, cash demand is anything but encouraging.

Oats were firm, but there was no particular feature.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 29, 1944.

There is considerable concern surrounding the possible statement which might be made by President Roosevelt when he signs the Price Control Bill either Friday or Saturday of this week. There is very little information available, but there has been considerable short-covering in the event that some surprise development might arise. There are some in the trade who doubt whether the President holds the authority or has the funds to operate a large-scale purchasing program at full parity price for basic commodities involved. On the other hand, he has been directed to take all lawful action to assure the producer of receiving full parity value for his products. It is still our opinion that this will be done in the same way as in the past: namely, by granting an 85% parity loan to wheat and corn farmers and by raising the balance through soil conservation or other cash payments. As a matter of fact, when parity payments were made in the past, they were generally paid at the end of the season and were determined by the general price level of grain, so that the difference was a compensation in order to insure parity income to producers. There is still some talk that the parity concept may be revamped and that in its place production costs will be the basis for determination. We doubt whether this would be a very workable scheme, for the reason that no two farmers have the same cost of production, and no one farmer has the same cost of production from year to year. Also, it makes a tremendous difference whether a farmer has large or small yields, and obviously in years of heavy production the margin of cost is greatly reduced. It is generally true that the inefficient high-cost farmer, like the inefficient high-cost manufacturer, fails and quits because he cannot force the consumer to pay the high price represented by his high cost of production.

In any event while these political uncertainties exist, it is very difficult to have firm convictions. We are certain of one thing, however, --that the crop continues to make fine progress. Yields almost everywhere are exceeding expectations. Temperatures now have moderated, and while the hot weather in western Kansas may cause some lower test weight wheat, this might easily be offset by the large yields from Texas and Oklahoma, where the crop is about made. We have also had some very optimistic private reports from the spring wheat distrits, and early grains are fully headed out, the stand is heavy, and while it may take some more rain over most of the territory to properly fill it, an average crop is almost assured now with very little additional moisture. The Red River Valley on the whole would probably be better off without any more rain. Another month of satisfactory weather would probably give us yields close to 20 bu to the acre on an average, and possibly the only thing that can cut the crop below the government estimate would be unfavorable weather from now on, or possibly rust, but even the latter is not very likely due to the type of superior rust-resistant seed which is being used.

Due to labor difficulties and the shortage of freight cars, there have been temporary embargoes placed on several southwest markets. This virtually amounts to a permit system where the shippers first must guarantee unloading space, although any grain that is free and sold for cash will probably get preference. In our opinion, this means that the movement will be stretched out over a period of many months.

Primary receipts amounted to 2,689,000 bu compared with 2,246,000 bu last week, and 3,626,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 95,000 bu.

There was further flour business overnight, more hedges were taken out of the market, and there was also some buying here, which looked as though it might have been against sales of wheat to Mexico. This gave us a rather firm market, but with the fine crop news there was no speculative buying of importance. Last prices showed an advance of 1/4 to 7/8¢ per bu.

Rye showed a little weakness early, but there was no pressure there either. It is considered possible that deliveries on July contracts might be up to a couple of million bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 30, 1944.

Today brings to a close another crop year. Twelve months ago, the carryover amounted to 616 million bu, and we raised a total winter and spring wheat crop of 836 million bu, so that our total supplies were 1,452 million bu. Probably never before in history have we consumed so much wheat. Our exports were moderate, not in excess of 75 million bu. The quantities needed for domestic purposes were a little bit larger than in an ordinary year owing to the extra demands for our boys overseas and even those in training camps at home, who ate more heavily due to their outdoor life; but the two big items which figured heavily in the disappearance were the amounts of wheat needed in the alcohol program, and still greater the added quantities needed for feeding operations. Since last August we have been a big importer of grain. Normally, the picture is just the reverse, and before World War 1, we vied with Russia to see who shipped the largest quantities, but for the time being it is quite apparent that we are a net importer of grain, having taken from Canada 28 million bu barley, 63 million bu oats, and 187 million bu wheat. The latter includes a rather sizeable quantity which came to this country and was re-exported, although we cannot point definitely to the amount. In any case it appears as though we may have supplemented our supplies to the extent of about 200 million bu, plus a little rye, which also was attracted here due to the high price.

In the year ahead, we believe that the picture will look something like this: A carryover reserve of about 300 million bu is indicated; a billion-bu crop is almost assured, and we shall start the 1944-45 crop-year with 1,300 million bu of wheat, which ordinarily would be an astounding amount. On only a few occasions has this figure been approached, but, of course, much will depend on our feeding operations in the twelve months ahead. We figure that with the fine outlook in Canada, we shall continue to import from that country. The Canadian National Railway, in line with other crop reports, is extremely optimistic, as grain now enters the crucial stage of heading out and filling. Cool, rainy weather has prevailed, and it will take warm weather to permit the crop to take full advantage of favorable moisture conditions. July is generally a hot month, and we have ample faith that the promise of high temperatures will find fulfillment. Therefore, prospects for a heavy yielding crop are good, and with the shipping situation improved, the only bottleneck is in the ability to get supplies from that country to the head of the lakes.

Not long after our market opened, it was announced from Washington that the President had signed the Price Control Bill, but there was no comment of any change in policy with relation to agricultural matters. The trade had expected that some special statement would be forthcoming. There was, however, from another source, a restrictive measure barring corn, grain sorghums and molasses in the manufacture of beverage alcohol during the August liquor-holiday period. This caused a little buying spurt in rye and wheat, which together with hedge buying against flour business, imparted early strength to the market.

Primary receipts were a little better, and amounted to 3,321,000 bu compared with 2,339,000 bu last week, and 3,684,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 130,000 bu.

Early strength in the Northwest brought in a wave of buying here, but there were reactions of as much as 2¢ per bu from the high point. We believe that it will take sustained buying to keep prices at the present level. It has always been our experience that when there is no export business and there are large crops in Texas and Oklahoma, some of this wheat finally moves northward. Believe next week there should be more pressure, although a good percentage of the crop may go into the loan again. Final prices showed declines of 3/8 to 5/8¢ per bu.

Rye was influenced at times by the possibility of large usage for alcohol beverages. There was also large changing from July to the deferred months. There was some weakness at the last, and general confidence in this cereal is lacking.

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CHICAGO MERCANTILE EX.

July 3, 1944

Weather over the week-end was just about perfect. There was again moderate to rather heavy rainfall over portions of North Dakota and Minnesota, and some lighter showers over South Dakota and western Iowa, but elsewhere it was mostly dry. While rains would be welcome now in the corn States, we hear of very few complaints. As a matter of fact, the hot and humid weather was ideal for the rapid growth of corn in Illinois. In most of the other areas of the belt, prospects are also favorable, especially where the moisture has been ample. In the Central States there is not much hope for immediate precipitation, although probably some thundershowers will occur in the extreme northern portions late Tuesday afternoon or night. Winter wheat harvest is advancing rapidly, and the plant has begun to turn in Minnesota and southeastern South Dakota; it is mostly headed in Montana. According to the Santa Fe report issued last Saturday, the prospect is for a crop of 330 million bu wheat in Texas, Oklahoma, and Kansas. This is by far the largest estimate thus far made, and compares with only 175 million bu which the government forecast last December in the preliminary outlook. At that time fall moisture had been deficient, and we have had a theory in the past that it required fall rains to get large yields the following summer. But this apparently is not the case, and we must now figure that with propitious rains at the proper time, bumper yields are possible, even though the seed does not germinate too well before the winter freeze. In any case, the farmers in the three States just mentioned will enjoy almost double parity income, as compared with the expectations last December, and this also shows the fallacy of trying to solve the farmers' ills through parity prices. As an extreme instance if crops were a complete failure in some part of the country, and the returns were only 4 to 5 bu to the acre, even a parity price of $2 per bu would mean very little. In the long run producers realize that when crops are large, they may have to take a little loss, but this is offset in other years when markets are higher as the result of smaller returns.

Of course, all surplus countries have attempted to do something for agriculture. There were support prices in the Argentine, although at a very much lower level than here. Just recently the basic price of corn was increased, and this undoubtedly will induce farmers to market their grain on a heavier scale. The crop is estimated at 353 million bu compared with last year's failure crop of only 76 1/2 million bu. In Australia, increasing quantities of wheat have been fed ever since 1942, at which time the subsidy was granted on wheat used for feed. The price for feed was set at the equivalent of about 57¢ per bu (U.S. currency) including freight, and then the government pays the difference between the price and the Board's support level of 65¢ per bu for any wheat needed for local consumption. When it is considered that the loan price for wheat in Chicago amounts to $1.49 per bu, the little help which has been afforded farmers in other countries seems rather trivial by comparison.

Today for the first time receipts in all southwestern markets were heavy. There were 1,733 cars at Kansas City, and together with Wichita, Salina, Hutchinson, Fort Worth, Enid and Amarillo the total was 5,320 cars, or nearly 8 million bu wheat. Pressure was not particularly heavy but yet there was some hedging in all markets, and the main trouble seems to be difficulty in getting sufficient labor to unload cars when they arrive at terminals.

The visible supply increased 3,726,000 bu to a total of 81 1/4 million bu vs. 141 1/2 million bu last year. Believe these increases will continue now right through November. Chicago stocks decreased half a million bu and it looks as though the feed wheat would gradually be ordered out.

There was never much strength. It was a sort of holiday market except for the fact that there was selling against cash purchases, and at the last markets showed a decline of 1 3/4 to 2 3/8¢ per bu.

Rye was also weak and this market which had shown a better undertone on Saturday seems to have lost many of its friends, although there appear to be large holders of cash rye who still have not liquidated their commitments, and possibly they hope there will be a better market when the distillers grind more heavily for beverage purposes. At the same time another crop, even though small, will soon be with us.

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CHICAGO MERCANTILE EX.

July 5, 1944

It is not uncommon to have a pretty hot spell of weather over the 4th of July holiday. This is very often accompanied by dry weather, with the result that traders who have been out in the country examining the corn frequently come to their offices in a buying mood. There is definitely a need for more moisture in the Central and Eastern States. In the corn belt rains would be very welcome, although drought conditions have not developed and the situation has not yet become sufficiently serious to affect the crop, which is still progressing favorably almost everywhere. However, rains will be needed within the coming weeks and while there is no prospect for a break-up in the weather during the next twenty-four hours, the map does suggest a change may be at hand within the next few days. This, of course, is uncertain, and nobody can be sure of it, but the weather will bear close watching; and particularly so since a large or a small corn crop will have an important bearing on wheat, while it is used rather extensively as a feed grain.

Our market this morning opened somewhat lower and there was pressure for a time, but there was also another unexpected development: namely, government buying in various markets, and it was reported that at Wichita and at Kansas City the CCC made purchases at a flat price at a figure which represented about 5¢ over the loan for grain in store. Coming right at the start of the movement, it is naturally frightening to shorts, and will also give encouragement to investment buyers if continued. Nobody knows the exact character of these transactions, but possibly the grain is needed for feeding purposes; although the situation in that respect has shown an easing tendency, and with the reduction in hog and poultry numbers, the 1944-45 feeding year probably will be more favorable with respect to available requirements than the season just ended.

The government action today brought to mind a recent conference report which was approved by the Senate and House dealing with the President's authority to do everything within his legal power to see to it that parity levels were reached. It is difficult without having more definite knowledge to say whether there is any connection between these two items or not. It would be interesting to have further clarification since these government purchases came out of a clear sky, but yet with the shortage of railroad equipment, particularly freight cars and labor difficulties; also, the tendency onpart of farmers to place a large percentage of their grain in the loan, any such action if kept up in volume will have quite a bearing upon the future price level.

Kansas City had large wheat receipts amounting to 1,427 cars. There were an additional 3,529 cars received at Salina, Fort Worth, Hutchinson, Wichita, and Enid, making a total at these six points of 4,956. Primary receipts of 6,563,000 bu was double last year and triple last week. Kansas City and Minneapolis stocks so far this week show a net increase of 479,000 bu.

As the session progressed, there was considerable short-covering, and while the government buying in the Southwest was not too large in volume, it suggested that this might be the beginning of support buying. The CCC intimated that if the market declined they would make further purchases, as was the case early today, although they were apparently unwilling to follow the advance in futures. There may be some statement on policy, but from what we can gather there apparently is going to be some buying at levels 5 to 6¢ per bu higher than the loan, and this together with the ceiling is naturally going to restrict speculative business. At the last prices were considerably higher, and the carrying charge spreads were also adversely affected. Naturally if cash wheat is bought for government account, it will make it less profitable for the elevators to operate on a normal basis. Last prices showed an advance of about 2¢ per bu over the previous close.

Other grains also rallied, and while not directly supported they were up in sympathy with the leading cereal. July oats showed a very firm tendency, and it looks very much as though longs were awaiting delivery. With the crop somewhat late, we believe that the nearby month will remain at a pretty good premium over the distant futures.

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CHICAGO MERCANTILE EX.

July 6, 1944

On June 1st, Canada had 447 million bu wheat on hand for export or carryover, and on this basis it looks very much as though they would have a reserve stock August 1st of approximately 400 million bu. This would compare with 594 million bu which they carried into the present crop-year, but on the other hand crop and weather conditions are very favorable. Trade Minister MacKinnon is of the opinion that Canada will raise a crop of 500 million bu this year if present prospects materialize. This covers the Prairie Provinces only, and would compare with last year's production of only 293 million bu. Therefore, if the present promise finds fulfillment, there should be larger supplies to deal with than for the comparable period last year. We have imported about 187 million bu of Canadian wheat to June 22nd of which 124 million bu was brought here by lake transportation; the balance was shipped by rail, but in any event the United States is likely to stand second to the United Kingdom as a net importer of wheat. According to our Department of Agriculture, about 150 million bu from Canada was used during the past year to help meet a livestock shortage, and it is thought likely that we shall continue to import wheat during the next twelve months, even though we are now starting to harvest what may be the largest crop of record. The Department further estimates that about 250 million bu will be used for feed between now and next July 1st. This would compare with 475 million bu used during the past twelve months, but it is pointed out that we may require larger quantities of wheat if anything should happen to the corn crop, although at the moment the outlook is very favorable.

One of the private experts this morning forecast a corn yield of 2,868 million bu, which, if borne out, would be less than was actually harvested last year, but yet it should be remembered that this compares with only 2,706 million bu forecast on July 1, 1943, when the crop actually turned out considerably better. While we have had three or four bumper yields in recent years, we must never forget that the average corn crop in the period, 1932-41, amounted to only 2,349 million bu, although this covered a period of major drought, when for three or four successive years the results were very poor. At the present time rains would be very welcome in practically all sections of the corn belt, and while there is no immediate relief in sight, the map suggests that by Saturday we may have some precipitation in the northern part of the belt. In the meantime, nights have been cool, there has been heavy dew early in the morning, and with the subsoil moisture, there have been a minimum of complaints. However, a soaking rain would unquestionably be a great help.

After the close of the market yesterday, there was an announcement from Washington that no new program had been instituted to support wheat prices. It was said, however, that the CCC was carrying out its routine purchases for acquiring feed wheat and would probably continue to do so. These purchases were made at current market prices, and while not intended to boost the market, it did sometimes have that effect. Since yesterday's short covering was on a very extensive scale, today's market was rather poorly supported. Some hedges came into the pit, and, likewise, there was a reversal of sentiment from yesterday, as many people had feared that the government had embarked upon a program to support prices, but from present indications, this is not the case.

The wheat crop will undoubtedly be very large; today's estimate by a private house suggested a winter wheat yield of 765 million bu and a spring wheat return of 296 million bu, or a total of 1,061 million bu, as compared with the last government report of 1,035 million bu. If this total is reached, it will be the largest crop ever harvested, exceeding in size the previous record in 1915, when we produced 1,008 million bu.

Kansas City received 1,205 cars of wheat. This together with receipts at Wichita, Salina, Fort Worth, Hutchinson, Enid, and Amarillo totals 3,190 cars, or practically 5 million bu. Primary receipts of 4 1/2 million bu were larger than last year. So far this week Kansas City and Minneapolis stocks show a total increase of 1,575,000 bu.

There was not much pressure. Everyone is cautious and while yields thus far have been above expectations, there are some reports of damage from stem rust in western and northern sections of Kansas and western sections of Nebraska. Last prices were 7/8 to 1 1/2¢ a bu lower.

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CHICAGO, 4

July 7, 1944

It seems there is never a dull moment in the grain trade. Washington policies are changed so suddenly and often without notice that it is becoming more difficult to have opinions as to the future. There was an overnight item from Washington to the effect that maximum effectiveness in supporting prices could only be obtained if the government kept market operators guessing. If this is their theory and purpose, they are certainly accomplishing their aims, because only yesterday we had been informed that the buying operations which had taken place a few days ago were all routine, by way of accumulating larger quantities of wheat for the feeding program; but present indications are that the government might become a rather important private trader in acquiring large quantities of wheat, possibly in an effort to hold the price level close to parity. As a matter of fact, it was announced today that, subject to further notice, CCC would pay 6¢ over the wheat loan price for wheat either at terminal or sub-terminal points, and this was responsible for quite a sharp advance in the market. It was also intimated that there might be an increase in the loan rate from 85 to 90% of parity, which, if put into effect, would mean an increase of about 7¢ a bu in the national average. At the present time, the loan rate at Chicago is $1.49 a bu, based on 85% of parity. Should the higher rate prevail, it would boost the loan to $1.56.

There is naturally a good deal of speculation as to what the CCC might do if the higher loan is granted. Possibly the present purchases of wheat are simply to tide over a temporary period in order to protect farmers, but in actual practice market values are several cents higher than the government bid, so that we have not heard of any purchases being made today either at Chicago or in the Southwest. There is some question as to whether a premium would be paid for wheat over the higher loan figure, because if this were a permanent policy, it would very likely make the loan program rather ineffective. In other words, if wheat is placed in the loan at some terminal market for a period of six months or more, the accumulated charges of storage and preparing papers, etc., would amount to about 13¢ a bu. Therefore, a large majority of farmers would likely sell their wheat if they could obtain a higher price than the loan rather than to impound it. In any case, with such uncertainties, one can only make conjectures, hoping that the rules of the game will be well enough explained, so that our markets can function properly and hedging operations can continue to afford normal protection to country elevators, millers, consumers, and in fact, all interested parties.

Receipts in the Southwest were again heavy. There were 868 cars received in Kansas City, which, together with Wichita, Salina, Hutchinson, Fort Worth, and Enid, total 2,563 cars, or about 4 million bu wheat. Primary receipts of 4,195,000 bu compared with 3,321,000 bu last week and 3,627,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2 1/2 million bu, indicating a fair-sized increase in the visible supply next Monday.

There was great nervousness and while the opening was only fractionally higher, later strength developed, with shorts again covering, and, of course, nobody can figure out what different policy may be announced either tomorrow or over the week-end. Just a few weeks back fear of inflation and ceiling prices were paramount, but at the moment we hear much more about supporting prices during the period of accumulation, and if there is finally a 90% loan, there will be a rather narrow berth between the support and the ceiling. Consequently, trading may narrow down except that it is always possible that at times wheat could sell under the loan although, with large quantities impounded, selling is naturally restricted. Final prices showed an advance of 2 1/2 to 3 1/4¢ a bu.

Rye was also strong, although we do not believe that it is intended to support this cereal. Oats were higher; in fact, everything was firm in sympathy with wheat.

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CHICAGO MERCANTILE EX.

July 10, 1944

On July 25th, the government will release a preliminary estimate of the wheat carryover, but it is now indicated that this reserve stock will amount to 350 million bu, whereas earlier it looked like it might be reduced to 300 million bu. Of this larger quantity about 90 million bu will be owned by the CCC, 14 million bu of 1943 wheat still outstanding under the loan, 5 million bu or possibly a little less, carried by the Office of Distribution, which would leave approximately 240 million bu free wheat. Next must be added the winter and spring wheat crops, and a government report will be issued after the close today, probably showing an increase over the 1,035 million bu, which was estimated a month ago. In any case, it will be the largest crop in our history, and even if there is no revision, it will be about 150 million bu over the May indicated production. Taking the combined supplies for the 1944-45 crop-year, it will compare with the ten-year average in the years 1932-41 of 973 million bu, so that we can count on probably as a minimum 400 million bu more wheat on hand than during that period. This does not include imports, which are very likely to continue in the twelve-month period ahead, and the supply has only been exceeded twice in our history: namely, two years ago when it totaled 1,606 million bu, and last year when we had 1,453 million bu. While there is somewhat of a reduction from last year, it is probably safe to say that our feeding requirements of wheat will also be sharply reduced, and the government figures tentatively on 200 million bu less being consumed, although the latter is subject to change, and will depend very largely on the outcome of the corn crop, which is still in balance.

This factor bears close watching, and while many areas still report a deficiency of moisture, there has been some relief over the weekend, with scattered showers reported in Iowa, Missouri, Illinois, Indiana, and Ohio, the heaviest precipitation occurring in the Ohio River Valley. There was also a considerable amount of rain in the Southwest, and the low barometric pressure in that area suggests an unsettled condition for the Central States by tomorrow afternoon, so that within forty-eight hours we may expect more rain in the corn belt, although it is difficult to make an absolute forecast.

After our market opened, prices became rather firm and rye ruled higher, with this cereal receiving a little more attention owing to the fact that prices are considerably under parity levels, and from a speculative point of view there is more romance to it than to wheat, where heavy production is almost assured. The first official indication for the rye crop suggests nearly 32 million bu, but this may also be raised in today's report. Farm and commercial stocks at the beginning of the new crop are estimated at above 26 million bu, so that our total domestic supply should be at least 58 million bu, and probably somewhat in excess of that figure. Food requirements are estimated at only about 12 million bu, and seed at 6 million bu, which would leave substantial quantities for alcohol, spirits, and feed. Nevertheless, with the holiday for beverage manufacture during August and the expansion in feeding requirements during the past two years, there seems to be a better demand for warehouse receipts on grain stored locally, and this has given us a better speculative market during the past few days.

Carlot receipts in the Southwest were heavy. Kansas City, Enid, Fort Worth, Hutchinson, Wichita, and Salina had over 5,000 cars of wheat in today, or about 1,200 more than last year. At this rate, the visible supply will continue to increase; for the week it went up 13 1/4 million bu. Total stocks now are 94 1/2 million bu or 57 1/2 million bu less than last year. There is 9 million bu here in Chicago, a slight increase for the week.

Trade was rather moderate in comparison with more active days last week. Best prices were not maintained, and while there was not a great deal of hedging, there must have been some, with the result that early gains were wiped out, and at the last wheat was unchanged to 1/8¢ lower.

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CHICAGO MERCANTILE EX.

July 11, 1944

The estimates of crop production issued late yesterday were very heartening. It almost seems as though Divine Providence were guiding agricultural activities, as was the case during World War I. At that time we raised the largest wheat crop in the history of the country. The 1915 harvest was somewhat over a billion bu, and there has been nothing that large until the current year, with the spring and winter wheat crop now estimated at 1,127 million bu. Nobody can tell yet to what use this wheat will be placed, but if the European phase of the war is ended next fall, the surplus countries may be called upon for large quantities of food to take care of rehabilitation. It was anything but a comfortable situation last season to see our reserve stocks dwindle because of the large quantities of wheat needed for feeding operations. We actually consumed about 475 million bu, including about 100 million bu fed on farms where grown, 110 million bu for alcohol manufacture, also seeding operations took 79 million bu, so that our total domestic consumption of wheat for non-food uses amounted to about 665 million bu, which for the first time was more than the quantity used for food. Even with the larger quantities needed for human consumption due to more persons in the higher income brackets, and for our soldiers in the training camps who are eating better, it is estimated that the domestic grind will not exceed 540 million bu. The over-all picture was anything but optimistic last December, and because of a fall drought, full acreage could not be planted; also, a good deal of wheat did not germinate properly. The winter wheat prospects at that time were for a crop of 527 million bu, but according to the estimates just published, it appears as though we shall harvest 793 million bu. Most of the improvement was in the Southwest where late rains seem to have done the trick, and another old-time theory was exploded, although we admit that the best results could not have been accomplished except for the fact that rains were received just at the propitious moment.

In any event, comparisons for the three important winter wheat States are very illuminating, and we give them below:

	Estimate December 1, 1943	Estimate July 1, 1944
KANSAS	106.4 million bu	207.9 million bu
OKLAHOMA	46.1 "	85.4 "
TEXAS	23.1 "	72.9 "
TOTAL	175.6 "	366.2 "

From the above it will be seen that twice as much wheat is now being harvested in Kansas, Oklahoma, and Texas, as had been expected to be raised when the preliminary report was issued last December. But the parity formula has never been altered, and it emphasizes the rate for each bushel of grain grown rather than to dwell upon the income the farmer actually receives, and from that point of view the entire concept is meaningless. We admit that there will not be any complaints so long as crops turn out much better than anticipated, but the first year we have a crop failure, the tables will be turned, and, of course, what is more important to the farmer is the amount of revenue that he takes in rather than the actual price he receives for each individual bu, or the amount he gets for a given quantity of grain that goes into the loan.

Primary receipts today were 4,178,000 bu vs. 4,559,000 bu on the same day last year. There are no comparable figures for a week ago owing to a holiday. So far this week Kansas City and Minneapolis stocks show an increase of 2,110,000 bu.

The movement of wheat is greatly handicapped by the car situation as well as labor conditions at elevators, and embargoes or permit systems are being enforced throughout the majority of terminal markets in the Southwest. However, with a billion-bushel crop in prospect, believe there will be wheat continually hanging over the market. There was some hedging pressure, and at the close wheat was unchanged to 5/8¢ lower.

The map seems to be rather favorable for additional moisture in the corn belt. The government's estimate of yesterday was the highest July 1st estimate on production since records have been kept.

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July 12, 1944

It is quite evident that crop and statistical news is not having much bearing upon wheat values. In the main there are several restraining factors. One is the fact that the loan price at Chicago at $1.56 per bu and correspondingly high prices at other centers, assures a fairly large percentage of the crop to be impounded; particularly if there are any sharp breaks in the market. Furthermore, there is always the threat of government buying either for feed purposes or in an effort to support the market at levels not far beneath the present price. This naturally tends to reduce bearish activity. It is thought by many that feeding operations last season were so tremendous that nobody can be sure yet what quantities of wheat will be required for animals, particularly since the corn crop is not yet made. We are consuming 3,256 million bu of corn in the current crop-year, according to the government estimate, and this is a larger quantity than was actually raised. Aside from the corn which was used for livestock feed, estimated at close to 3 billion bu, other usage was not particularly heavy. The wet and dry processors together consumed about 185 million bu, and at times had difficulty in getting their supplies, but we doubt whether this figure will vary much. The important item is the quantity needed for animal feeding, and we are convinced that this will be very sharply reduced in the coming year due to the fact that the number of hogs is materially lower, and we feel there will be a saving of some 500 million bu. This would bring our consumption more in line with other years.

Since 1937, the total annual disappearance of corn was as follows:

1937	- 2,347,195,000 bu	1940	- 2,504,973,000 bu
1938	- 2,326,451,000	1941	- 2,828,340,000
1939	- 2,477,029,000	1942	- 3,256,047,000

The way conditions now stand, we have a prospect of a 3 billion bu crop, and it would take an increase of only 2 bushels per acre to give us a bumper yield. Some of the State reports were not overly optimistic, but we believe that in summarizing conditions for the week, they did not have the advantage of the recent rains, which were rather general over the belt, and which must be regarded as quite beneficial in many areas. The overnight precipitation ranged from light to heavy, and even Iowa which had previously reported rain had more, and the prospects are that the Ohio River Valley will probably have additional showers during the next twenty-four hours. Somewhat cooler temperatures are also reported.

When our market opened this morning prices were slightly lower, and with an embargo or permit system prevailing in many southwestern markets, with certain restrictions also at Chicago, it is quite obvious that a total wheat crop of 1,127 million bu, together with a carryover of 350 million bu should provide enough grain for all purposes. It is also safe to say that some imports from Canada will continue, and a news report, dated June 26th, stated that 50 million bu Canadian wheat would move into the United States between now and January 1, 1945. Shipping space has been arranged to take care of a large part of this movement before navigation closes, or around the latter part of November.

In Canada crop prospects remain excellent, and rainfall in the Prairies has been generally above normal since April 1st, the exceptions being southwestern and west central Saskatchewan, also some districts in Alberta. Over the territory as a whole, a period of warm and sunny weather would now be welcome.

Primary wheat receipts were 4,017,000 bu vs. 6,563,000 bu last week and 3,951,000 last year. With various embargoes and shortages of labor, it will take somewhat longer for terminal space to become occupied. Nevertheless, carlot receipts at Kansas City still amounted to 793 cars, and together with Wichita, Salina, Hutchinson, Fort Worth, and Enid, there were 2,217 cars of wheat received today. Also, we understand that a fairly large proportion of this is going into the loan.

Even the optimistic war news, the Russians reporting gains toward the German border, had very little influence. Final prices were about unchanged.

In rye there was firmness at times and sentiment is rather friendly, but unless feeding operations are an important factor as last year, we believe it will not be an easy matter to bull this cereal, although it is selling at big discounts under wheat. Oats were quite indifferent.

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CHICAGO MERCANTILE EX.

July 13, 1944

The government crop report which was issued last Monday spoke of the improved prospects in most States West of the Mississippi River, but a rather general decline East of that point. In the Southeast near drought conditions in late June have done a reasonable amount of damage, and it has also been rather dry in parts of the corn belt, with the result that the newspapers have dwelled on this condition, and in the past few days some of the reports were rather alarming. Fortunately since Tuesday, there has been a reasonable amount of relief, and while not complete, a showery condition developed in parts of Iowa, Illinois, and Indiana, and overnight fairly good rains occurred over the Ohio River Valley, with an inch of rainfall being reported at Columbus, which is in the central part of the State. Under these conditions, and appreciating further that hybrid corn will stand more drought than ordinary seed, we do not regard the situation as being too serious, particularly if there is further rain within the next two weeks. As conditions now are, the aggregate supplies will be about the same as in 1943, but on the whole it will be larger than in any year prior to 1942. This being the case, the chief concern is still the amount of feeding we have to undertake in the twelve-month period ahead of us. The harvested acreage of fifty-two principal crops is expected to be about 355 million acres. It is a slight increase over last year, and the largest since 1932. Therefore, if the corn crop comes through according to present promise, and the number of animals is reduced sufficiently, the adjustment will not be nearly so tight as it was a year ago, and where without imports from Canada we would have actually suffered considerably, or at least our reserve stocks might have sunk to dangerous levels.

It is, indeed, fortunate that the wheat prospects are so bright. A winter wheat crop of 793 million bu, if harvested, will be the second highest of record, and was exceeded only in 1931. A spring wheat crop of 334 million bu is the fourth highest of record, having been exceeded only in 1915, 1918 and 1928. Of course, the spring wheat crop is not made yet, but the favorable turn in weather almost assures a bumper crop, and the indication for 16.7 bu per acre ranks very high in the record of yields, as does also the 18.9 bu per acre suggested for winter wheat.

Today's primary receipts of wheat total 3,783,000 bu as compared with 4,494,000 bu a week ago and 4,178,000 bu for the comparable day last year. So far this week Kansas City and Minneapolis stocks show a total increase of 4,224,000 bu.

The report issued by the extension service of the Texas A & M College indicates that Texas is finishing harvesting a wheat crop that is the largest on record. They point to a yield of possibly 70 million bu which would compare to the government's July 1st report of 73 million and would exceed the former high report of 68 million bu harvest in 1931. In spite of the large yield in the Southwest the movement is somewhat handicapped by the lack of manpower and reports which we receive indicate that a large quantity of wheat is lying around on the ground. While hedging pressure is in no way as extensive as would be encountered under normal conditions from such a large crop of winter wheat, nevertheless, there was evidence of consistent hedging orders in the pit today with the result that at the close the market was 1/2 to 3/4¢ per bu lower.

The trade is still waiting for the directive from Washington with reference to the roll-back in oats. Until this situation is cleared it leads to some hesitancy on the part of traders.

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CHICAGO MERCANTILE EX.

July 14, 1944

The wheat market for the moment is a rather uninteresting affair, and we do not expect any surprises, although some reductions are claimed in parts of the Southwest by reliable concerns, such as The Robinson Elevators, on the grounds that rust in Kansas may have taken a heavy toll and that also constant heavy rains have reduced the test-weight on the early fields that were not materially affected by this disease. On the other hand, we believe that for the State of Kansas, the government figures on a higher harvested area, and it may be some time yet before we shall have the final results. Then, too, there is the Northwest crop for which certain hazards still confront us before the wheat is cut, although in talking to a miller from Minneapolis this morning, we were informed that in some districts of North Dakota wheat was ripening now and would be cut within a week or so. Therefore, it requires mostly warm, dry weather to mature the crop, and the chances of anything serious happening from rust is minimized with the passing of time.

Probably one of the reasons for so little activity is the fact that the government will unquestionably become a buyer of wheat on moderate recessions, and we have reason to believe that some purchases have been made presumably for the feeding program, which is a sustaining factor at a time when pressure is not heavy. There are two very important items which must be kept always in mind: One is the outcome of the corn crop, and the other is the duration of the European conflict. The former is probably given more attention, insofar as the wheat market is concerned, for the reason that any deterioration in crop prospects would unquestionably mean a larger consumption of wheat for feeding purposes.

Since last August, we have imported about 200 million bu Canadian wheat, possibly 40 to 50 million bu has been re-exported, but in any case the balance was, or is being, consumed in this country for animals, together with 63 million bu oats and 28 million bu barley. Thus, we augmented our own supplies to the extent of about 240 million bu. There is some doubt as to whether we shall bring as much wheat in from Canada as we did last season, although crop prospects up there continue highly favorable, and the last estimate which we heard was for a yield of 500 million bu. Satisfactory growing conditions in the greater part of the Prairie grain belt have been prevalent during the past few weeks, and according to Sanford Evans, "Rainfall, warm days and cool nights, have caused rapid growth, and with a few exceptions prospects continue favorable." The Dominion Bureau Report tentatively estimates the total Canadian acreage at 21.3 million bu, and thus the final results might be very optimistic.

From Southern Hemisphere, we learn that the Argentine government has sold about 37 million bu wheat to Spain, and shipment will be at the rate of about 2 1/4 million bu per month. There are no figures being published on Australian exports, but clearances are reported to be on a continued heavy scale, and Sanford Evans states that South Africa, owing to the rather smaller domestic wheat harvest, will need at least some quantities. We expect probable further shipments also to India, and in this way surpluses will be less burdensome even though the European demand from those countries remains negligible.

Primary receipts were 3,530,000 vs. 4,195,000 last week and 4,326,000 last year. Kansas City and Minneapolis stocks so far this week show a total increase of 5,314,000 bu. We do not expect as large an increase in the visible supply next Monday as there was a year ago, when it amounted to slightly over 13 million bu. This is due to the fact that embargoes have been quite general, and we understand that in parts of the Texas Panhandle, millions of bushels of wheat are piled on the ground awaiting a permanent home.

There was very little feature to the market. It seems difficult to have much confidence in higher prices even with government purchases, at least this early in the season. At the last there was a decline of 1/8 to 1/4¢ per bu.

Rye was firm at times but finally yielded ground, and here, too, the burden of proof seems to be upon the holders of long grain. There was some buying in oats, but the deferred futures were barely steady.

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CHICAGO MERCANTILE EX.

July 17, 1944

We believe that anyone trading in the grain market at the present time must give first consideration to the war news, and to possibilities ofpeace this fall. While recognizing that the military authorities are still planning for a long seige, those who are well informed, and whose opinions are valuable take the view that between September and the end of the year the European phase of hostilities may draw to a close. Of course, it could always come sooner if the Russian victories continue with the utmost dispatch as is presently the case. We are mindful of the fact that prices in this country for basic commodities will probably be supported for two years after peace, and we also recognize that rehabilitation will take tremendous quantities of grain, particularly in countries where deprivation and starvation have occurred. Nevertheless, the demand will arise from surplus countries where prices are the lowest, and we look for Canada to function in an important way, particularly since she has a wheat carryover of about 400 million bu, and a prospective crop of 500 million bu, with Canadian peacetime consumption for domestic purposes probably reduced to about 150 million bu. Under these circumstances we cannot advise buying grain at this level, although the declines may be slow, and there may be a good deal of government purchases encountered under the feeding program on further recessions from this level.

There was not a great deal of news over the week end, except that fine moisture was reported in the Southwest, and this places the ground in wonderful shape before plowing, and it looks as though another good acreage is in prospect for winter wheat. Precipitation also occurred in Iowa, and it appears very much as though it were moving Eastward into the other corn belt States. There had been some complaints that more rain is urgently needed in many areas, but the showers last week, although scattered, have probably relieved a good many localities, and with Hybrid seed being used so extensively, we are told that the plant can withstand more hardship than would otherwise be the case. This, too, is an important item, because any addition or subtraction from the last government estimate will have an important bearing on the amount of wheat which is needed for feeding. There are other minor items such as a little more grain being used in the alcohol program and less sugar, also the distaste of distillers for using rye in the alcohol program, which might involve a little more wheat, but this is all insignificant in comparison with the over-all picture.

The milling demand is rather slow, and while the government has been a fairly good buyer in the spring wheat districts, the amounts elsewhere were unimportant. Buying interest for flour in general is practically at low ebb, and there is no immediate prospect for a pick up in sales. This means that comparatively few hedges are being taken out of the pit, but on the other hand pressure is not heavy, and while the embargo at Kansas City may soon be lifted, we believe that this is a season when arrivals will drag on over a long period of time, but with the tremendous crop which has been raised the movement should be pretty constant.

Primary receipts of wheat were 5,810,000 bu vs. 6,870,000 bu last week, and 7,801,000 bu last year. When the visible supply was posted it showed a very large increase, amounting to 18 1/4 million bu, which was considerably better than we expected. Total stocks are now 53 million bu smaller than a year ago. At Chicago there was an increase of 617,000 bu.

Markets turned rather reactionary. The fact that war news was favorable had some influence, also weakness in securities. Premiums at Minneapolis were easier, and everything under 15% protein was down about 1/2¢ per bu. Of course, wheat gives rather grudgingly because of the fear that government purchases will take place, but rye was under pressure, and closed right on the bottom. It seems that distillers look with disfavor upon using this cereal for alcoholic purposes, and we would not be surprised if the earlier order to use rye might be revoked owing to the very large wheat crop. Last wheat prices showed declines of 5/8 to 1¢ per bu.

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CHICAGO MERCANTILE EX.

July 18, 1944

Supply is sometimes a most elastic factor in our economic system, and the price has very much of an influence as to whether the commodity is going to be held or whether it will be placed on the market. On May 1st of this year, wet processors had less than 3 million bu of corn on hand, and of the nine processors certified by the government as those qualified for making critical war products, four of them had less than a week's supply on hand. Some of these industries were engaged in essential war materials, manufacturing explosives, textiles, paper products, etc; others were interested in foundry work, such as the casting and molding of metals for warplane engines and machinery, penicillin and sulfa drugs, sirups for K-rations, and dextrose. In other words, it would have been a national catastrophe had we actually had a scarcity of corn as was suggested by the small quantities in the hands of industry, and there were only two ways of apparently convincing the farmer that he should sell his corn. One was by a method of raising the ceiling prices, which apparently the OPA was unwilling to do, and the other way was to appeal to producers on basis of patriotism. Apparently the latter worked out very satisfactorily. Nearly 68 million bu of corn had been acquired by the government under the so-called "corn for war" program, and by States the offerings have been as follows:

Illinois	27,495,976
Indiana	1,306,537
Iowa	30,278,118
Minnesota	2,616,785
Nebraska	6,133,932
Total	67,831,348

On this basis it is figured that the corn obtained will enable war essential processors to operate at about 85% of their normal rate of consumption until November 1st when the new crop will become available.

When our market opened this morning there was very little news to guide it. The carryover feeling from yesterday was somewhat bearish, particularly since rye broke sharply, and closed right on the bottom. It seems when this commodity gets weak there is no particular increase in the demand, and we doubt whether the situation will change much unless either something should happen to the corn crop, which would mean feeding of substitute grain, or if distillers would take seriously their instructions to use larger quantities for alcohol manufacture. Neither of these items seem likely for the moment. While the Northwest crops are progressing well, there is still the threat of rust, and one or two reliable sources are calling attention to the possible threat of damage with black stem rust being mentioned in North Dakota. However, we are still mindful of the fact that there was just as serious a threat in Texas, and Oklahoma, and later in Kansas, where the winter wheat was less rust resistant than are the spring varieties, and still the crops came through before the disease became serious and bumper yields are now being reported for those areas. We are not trying to belittle the possibilities, and while the situation bears close watching, we also are mindful of the fact that it is only every fifteen or twenty years that serious deterioration takes place after the middle of July.

Primary receipts of wheat were lighter at 3,353,000 bu compared with 4,178,000 bu last week, and 4,329,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,219,000 bu.

The stock market was lower, and war news continues highly satisfactory. Tokio announced the removal of Tojo as Chief of the Japanese General Staff. Probably the direct cause for this was the fall of Saipan, but in any case it represents further Axis disappointments.

July wheat at Minneapolis was weak, and spot offerings of protein under 15% were fully 1/2 to 1¢ per bu lower. Our market, however, resisted bearish news owing to the fact that the government continues to buy wheat under its feeding program, and more hedges were taken out of the pit. The CCC now admits ownership of nearly 99 million bu of wheat. This represents an increase of 15 million for the week, but does not consist of such large purchases as this might suggest, rather there was an error in compiling the figures, and it seems that temporarily the Chicago records were lost, but the correction has now been made. Rye was the weakest of all cereals.

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CHICAGO MERCANTILE EX.

July 19, 1944

Since we are convinced that the European war is definitely nearer an end, we feel that some of the international factors must again command our attention more than they have during the past two or three years. First of all, there has been practically no mention of European crops, but the outlook in the United Kingdom and in western Continental countries has been generally promising. While there have been occasional complaints of lack of sufficient moisture in some parts of Britain, there is still a prospect of a good average harvest being obtained. Low temperatures in western Continental countries retarded crop growth for a time, but apart from this there appears to be nothing serious. Coming then to Russia, there is hope of harvesting a crop which will be sufficient to support the entire population in the new season. This is encouraging, especially in war time, but it will also be a factor in the post-war era.

On the other side of the ledger there is India, whose crop this year is disappointing. Losses have been caused by unseasonable weather in April, and the chances are that final yields will not exceed 375 million bu, whereas last year they had a crop of about 408 million bu. Considering the fact that there was partial starvation in many parts of the country, despite imports, one would immediately think that their demands would be increased by the amount of deficiency. It is certainly a pity that India has been so unfortunate with her wheat crop this year, especially since it occurred at a time when tonnage could be ill spared for imports. However, when food is so necessary, imports will have to be made, although Broomhall believes the quantity needed may not be so large as if boats were available. Also there is a factor in India which has been beneficial: namely, a record outturn of rice in that country, which is highly important.

The trade here is giving little thought to matters of this kind. For the past few days there have been very large purchases by the CCC under the feeding program, and, of course, hedges have been taken out of the markets, except were they were offset by selling from the country, and in many cases this was also substantial. Therefore, thenet buying here and at Kansas City and at Mihneapolis has not been so noticeable. There was also rather heavy selling by one broker this morning, with about one million bu of December wheat sold. This undoubtedly enabled buyers to meet their engagements with the utmost of ease.

There was very little in the overnight weather to give comfort to those who have thought that the corn belt needed further relief. It was mostly dry in the Central States, and there is not much likelihood of a change during the next 24 hours. If anything, temperatures will rule somewhat higher, but we have not had many complaints, and even the government weekly grain report is fairly optimistic in its resume, claiming that in the Ohio valley progress during the week was decidedly variable, ranging from excellent in some places, but generally favored by recent rains extending to a poor condition in a good many other places. Some abandonment has taken place, and a small amount was prematurely cut for silage. A good general rain is urgently needed from Missouri and eastern Oklahoma Southwest, as well as from the States from central Mississippi valley, and also the lake region eastward to the Atlantic coast.

Prices here were rather firm at the start. Minneapolis was also a shade higher, and there continues to be some apprehension with respect to rust, but in North Dakota they are already starting to harvest oats and barley, as well as rye, and the wheat crop is practically made Therefore, we doubt whether yields will be cut much under these conditions. The main need is for dry weather, but while a few districts need rain, the abundant hay crop now being harvested shows that the weather up to this time on the whole must have been very favorable.

Primary receipts of about 3 million bu were smaller than last week and last year but had little influence. Stocks at Kansas City and Minneapolis so far this week show a net increase of 2,277,000 bu.

WFA figures tentatively that 931 million bu of wheat will be used for food, feed, seed, and industrial uses, and they are allocating about 65 million bu for relief in European countries, and 118 million bu for military services and lend-lease. The total would be 1,114 million bu, or practically as much as we raised. This being a bumper crop and far more than what was harvested before, it shows the need for conserving supplies and not wasting them. Therefore, we hope that in the feeding program, reductions as compared with last year will develop according to plan, as there is no certainty that next year's crop will again be a bumper one. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 20, 1944.

The most important news overnight was, of course, the shakeup in the Japanese cabinet; the resignation of Tojo and other members acknowledged a complete break-down in war leadership. The crisis coming at this time is not just an ordinary political shake-down because these were the men who formulated plans for Pearl Harbor, and the Japanese entry intothe war. Abandoning, as they did at this time, their control nobody can tellwhat another cabinet may decide today. It is altogether possible that they will start a peace offensive in view of the worsening outlook, and from that point of view it brings the Pacific war also nearer to the end. So many people have been figuring that it might be a year or more after Hitler capitulated before the Japs would be brought to their knees, but the present major crisis, which will mean a change inthe Japanese leadership, puts a different complexion on things.

Ordinarily our wheat market would have opened lower, but there are a good many other factors at work. There seems to be tremendous buying power on part of our government in acquiring wheat, presumably for the feeding program. This is relieving the pressure on markets which would otherwise exist. Whether we shall go to the length of the FarmBoard insofar as quantities are concerned nobody can tell. It is reasonable to suppose that with the CCC holdings previously accumulated and the purchases during the past two weeks that there must be close to 125 million bu of wheat under government domination, probably half as much as was owned by the Federal FarmBoard at a former period of history. Regardless of what the program calls for, we hope that the wheat now being purchased will be judiciously used and not dissipated in a wasteful manner.

We call attention to the fact that bumper crops are just as exceptional as crop failures. Simply because we had the phenomenal success with winter wheat after a poor start does not necessarily mean that rain will always come at the propitious time and repeat this occurrence. Just by way of comparison for the past two years, we give below the various preliminary estimates with the later forecast during the growing period to show that while this year there was gradual improvement, last year just the opposite was the case:

UNITED STATES WINTER WHEAT CROP

	1944	1943
December estimate	526,957,000 bu	624,504,000 bu
April "	601,759,000	558,551,000
May "	662,275,000	515,159,000
June "	714,148,000	501,702,000
July "	793,086,000	519,190,000

Now comes the spring wheat with its fate somewhat in the balance, and a good many pessimistic reports because of possible rust damage in the final stages of growth. One of our good friends points out that if the weather in the Northwest does not get too hot, he believes the last government estimate will be fully upheld, and there may be a chance of increasing the average yield another bushel or two per acre. There are going to be somephenomenal yields inthe early grain, so that even if offset by rust in the later planted wheat it looks as though a very large crop would be harvested. Weather during the past ten days has been about everything that one could desire, with the exception that there were some pretty heavy storms in the Red River valley, and lack of rain farther West is causing some complaints in north central Montana.

Primary receipts of wheat amounted to 3,165,000 bu compared with 3,783,000 bu last week, and 4,104,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2,879,000 bu.

During the session it was learned that Hitler, together with some of his Generals had been wounded, and speculating on the incident it was thought possible that there might have been a general division of the German staff which resulted in a brawl. It is known, however, that dynamite was used,but outside of the Fuehrer's injuries there has been much secrecy.

Markets were not very much affected. Changes were unimportant, but there was some selling in rye because of the poor cash demand, and the speculative position of this cereal does not have much appeal to the public, as was the case some weeks ago. Also in wheat the need for government support is obvious proof of underlying weakness.

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CHICAGO MERCANTILE EX.

July 21, 1944

While the wounds sustained by Hitler were apparently trivial, the important thing to remember is that there is evidently an anti-Hitler group of old line Junkers simply waiting for the psychological moment to take over. Living conditions within the Reich must be intolerable for the rank and file of citizens, and when the rebellious element starts to work with dynamite it is not quite so easy to quell it simply by executing a small group of conspirators, including certain army officers of rather high rank. The fact that every airplane flight must have the approval of either Goebbels or Himmler to prevent any of the important party leaders from leaving the country emulating the action of Rudolph Hess, shows that internal conditions have reached a point where almost anything is possible. Also with Himmler having been appointed to take over all civilian affairs, and being given the title of "commander of the armyat home", his ruthless "hangman's actions of the past are still too well remembered. There can be no doubt but that an army of revolt is marching on, and that a state of civil war exists in the Reich during the most critical hour.

These are events which would normally have great repercussions here in affecting grain markets were it not for the tremendous support which is being received, especially in wheat, with the CCC purchasing daily large quantities of wheat in store. Apparently this is preventing sharp declines. Of course, nobody can tell to what extent these purchases for the feeding program will continue after peace, but in the meantime, it gives us a rather narrow trading market, and those who are bearishly inclined have apparently preferred making their commitments in rye or in oats where there is more latitude. The latter, however, is somewhat held in check by dry weather over the corn belt, and there appears to be no change indicated at least for the next 24 hours, although temperatures have been moderate. We hear no particular complaints, although rains in many sections would be more than welcome, and undoubtedly there will be some deterioration unless there is relief within the next few weeks.

In the meantime, Canadian conditions are highly optimistic. Crops in the Prairies are now entering into the critical stage, and since April 1st rainfall has been above normal over most of the grain growing area, although there have been exceptions in southern Alberta, as well as southwest and west central Saskatchewan. Generally speaking, however, the moisture has been ample, and prospects for a bumper crop are very good, according to Sanford Evans' report. Much will depend on the weather in July as to the final outcome of the crop, but yet present conditions are most encouraging.

From a statistical point of view nothing seems to make much difference, as most eyes are focused on artificial influences, mainly the heavy purchases of wheat by the CCC, and the knowledge that large amounts will be impounded if there were any substantial break in market values. Since August 1st, a year ago, there has been 204 million bu of Canadian wheat imported into this country, some of which was reshipped to Europe, together with 64 million bu of oats, and 29 million bu of barley. The total grain thus brought into the United States amounts to nearly 300 million bu, and shows what a tremendous feeding program we have undertaken. It is, therefore, fortunate that this year's wheat crop was a bumper one; likewise, that there are fewer animals to feed, because there is little chance to bring so much in again from Canada during the next twelve months, even though a large carryover and a big wheat crop is assured.

In this country, it is difficult to say much on the statistical outlook, except that with a crop and carryover of 1,477 million bu, there should be enough for all requirements, even added uses for feed, but until we can tell how much is made sterile through impoundings and through quantities which are taken over by the CCC it is rather difficult to judge how much will be left for free channels. Therefore, it may take some time yet before we can make more definite forecasts on distribution.

Primary receipts of wheat were 3,489,000 bu compared with 3,530,000 bu last week, and 4,321,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 3,738,000 bu. When the visible supply is posted Monday it will compare with last year's increase of 9,658,000 bu.

Markets were rather dull; firm at times. The open interest in the July futures is still quite large, and firmness was a factor, although net changes for the day were not particularly important.

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CHICAGO MERCANTILE EX.

July 24, 1944

The European political news is all very favorable. Nobody knows the exact hiding spot of the German Fuehrer, but it is intimated that he has suffered a severe mental strain as a result of the recent attempt to assassinate him; possibly he is fearing further violence. Therefore, he, together with a few trusted advisers, are said to have retired to a heavy guarded estate somewhere in the Rhineland. While all reports may not be accepted at their face value, it is quite obvious that he has lost some contact with his staff, and after a purge which has taken lives of some of his former trusted officers it goes without saying that it is difficult to carry on a war with the allies when there is practically revolution from within.

Other news was not particularly significant. There has been good moisture in parts of our Southwest, but unfortunately this did not move northward into the central states to bring much relief to corn. True, there were some fair showers in Iowa, but elsewhere the rain was inconsequential, only traces in northern Illinois and northern Indiana, although becoming a little heavier in Peoria, Danville, and Springfield, Illinois. From this point of view the immediate outlook is not too good, and we are approaching a period when a good soaking rain will almost become a necessity if we wish to forestall damage to corn, which up to now has withstood the weather remarkably well, possibly due to the fact that a good percentage of the crop was sown with hybrid seed.

It seems that the CCC continues willing to buy almost an unlimited quantity of wheat in store at prices about 1¢ per bu lower than the loan. Whether they will continue indefinitely is still a question, but at the moment it appears that way. There are of course, certain fundamental laws and principles which have proved their worth over a period of time. A man jumping from a ten-story window does not defy the law of gravity, but rather he proves it. In the same way, supporting orders in wheat do not in any way renounce the theory of supply and demand, but rather they confirm its existence. With the huge crop which was raised this year, we would unquestionably have lower prices, except for the fact that there is a loan which will doubtless impound millions of bushels of grain; besides this, large quantities are being purchased by the government, which would otherwise find their way into free trading channels. Thus for a time at least the short side of the market has less attraction, even for those who are aware of the statistical situation. However, the end of the war may possibly bring a change; therefore, it is not safe to base one's calculations on the hope that markets will be forever supported.

First prices were at slightly lower levels, but there was no appreciable pressure, and others must have felt the same way as we: namely, that values would remain resonably firm under the present circumstances. There was nothing particularly significant to the outcome of trading in the July futures. With the exception of oats, grains showed reactionary tendencies, and the demand seems to be somewhat from hand to mouth, and possibly even less for rye since distillers are hardly using this cereal for the manufacture of beverages or for the alcohol program.

The visible supply was late in being posted, but we expect a very large increase. Primary receipts of wheat were close to 5 million bu - a little smaller than last week, and compared with 6 1/4 million bu last year. Chicago wheat stocks increased 210,000 bu, making the total here 9,881,000 bu. Rye showed an insignificant decrease for Chicago.

Markets were never very strong, but there was firmness at times. On the other hand, so many people are aware of the fact that we are much closer to peace now than before, and with the leaders hiding from their people it is only a question of time. There was fair pressure rye and in oats, and in wheat it was only moderate; yet at the last there was a setback of about 3/4 to 7/8¢ per bu. from the previous close. Should the corn crop come through according to present expectations oats and rye look very high to us, and we believe some of the longs in rye who have been accumulating supplies for a year or two may some day decide to liquidate their positions.

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July 25, 1944

While the Nazis hinted today that they were preparing for more drastic measures to tighten their grip on the home front, we believe that matters have gotten too far out of hand for conciliation. According to Moscow reports, 16 captured German generals issued a joint appeal to each German officer still in action to call a halt, to break with Hitler, and to refuse to carry out Nazi orders so that the war could be ended. It was claimed that veterans of both this war and the first world war were convinced that further struggle by Germany was hopeless. However, Hitler is apparently fighting for his own life, and temporarily at least the struggle goes on.

When our market opened this morning prices were rather firm in all pits. There was no particular reason for this except that offerings were light, and on small buying orders reactions took place following yesterday's drastic declines. It seems that in rye some of the people identified with bullish positions for the past year or two are beginning to sell. Whether this means that the huge quantities of cash rye which have been taken on various deliveries will be put back in the pit either in September or December remains to be seen, but surely with the war nearer an end, and with Argentine prices so far under us, we can see no particular reason for making purchases of this cereal, even admitting that it is selling at a big discount under wheat. There are other factors, of course: namely, that the government is not supporting it, and the demand from distillers is extremely disappointing to say the least. Under these circumstances we believe that the carrying charge from December to May will widen as it costs money to carry rye at these high prices.

The overnight weather disclosed very heavy rains in the Southwest This must make it ideal for getting the land in shape for fall work, although a good deal of wheat is out in the fields, and losses are feared unless boxcars can be found to protect the grain from the elements. This may mean some deterioration of quality later on and off grades, as it is very seldom that Kansas has so much rain at this season of the year.

Unfortunately the corn belt is still pretty dry, and there was hardly any precipitation overnight, although our weather man believes there probably will be showers and thunderstorms late Wednesday afternoon or night in the north central sections.

Oats were somewhat higher, possibly influenced by dry weather, but also some short covering following yesterday's special meeting of the Directors of the Board of Trade. The ceiling price has not been changed since the original freeze order last December, but there is one difference in that the buyer instead of receiving his grain in store now has the elevation paid, and the party making delivery must assume this outloading charge. As we view the situation it makes very little difference, if the corn crop comes through, whether the ceiling is a few cents higher or lower. There seems to be a tremendous milo crop in prospect. Texas, which last year raised 65 million bu, has a chance with this fine weather of producing 100 million bu, and with a lesser feeding demand we believe that the situation is different from a year ago when practically everything was wanted regardless of price.

In the Northwest there are some comments on black rust, but generally speaking the situation is very optimistic, and we understand that the Occident Elevator report is favorable. The weekly government report issued by WFA yesterday made very little comment on this disease, and we believe it is getting too late for much damage.

Primary receipts were quite heavy at 3,513,000 bu compared with 3,353,000 bu last week, and 4,410,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 400,000 bu.

After mid-session locals in rye who had apparently been short started to cover with offerings light, and this ran the market up considerably. Its effect spread to other pits, with the result that wheat and oats were also very firm, although did not share fully in the advance. For the immediate future much will depend on whether or not rains are received in the corn belt. It has been some time now since we have had much relief.

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CHICAGO MERCANTILE EX.

July 26, 1944

While less was heard about the internal dissension in Germany, we have yet to find in all history a parallel where generals were banished, demoted, purged, or killed off so that a corporal could take over the high command. The fact of the matter is that Germany has had very few victories in the last two years. According to latest reports from Moscow, the Red Army Cossacks, tanks, and mobile infantry are approaching the Vistula River on a 50-mile front, and they have begun a battle for crossings which would out-flank Warsaw from the South. This being the case, we have not changed our opinion as to the possibility of an early ending of the war, although, of course, nobody can tell whether it will be a matter of weeks or months.

When our market opened this morning, the important overnight news from a grain point of view was the rather general moisture which had occurred in the corn belt. It ranged possibly from 1/3 of an inch to 2 inches in practically all sections. There were parts of Indiana which were not visited, but our weather man believes that these rains are moving Eastward, and even at this writing there has been a trace at Cincinnati. However, we would say that the situation is far better than one could have expected from yesterday's forecast. In some parts of central and southern Illinois precipitation amounts to as much as one inch or more, and this is very important, particularly as the drough peril was becoming a great menace to the Mid-west, especially in Ohio and Kentucky.

Prices here were rather firm at the start, and this was not surprising insofar as the wheat market was concerned, because the government, through the CCC, is buying large quantities of wheat in store almost daily at various parts of the country, and this, together with the loan program, is bound to take a good deal of pressure away, although if these tactics are continued it may mean that the government will finally end up in owning the entire carryover, as was the case during the Farm Board era. On basis of total supplies of about 1 1/2 billion bu; they figure that 931 million bu will be needed for food, feed, seed, and industrial uses. They are also counting on 118 million bu for the U. S. Military and war service as well as grain to be shipped to the allies, territories and other friendly nations. In addition to this 65 million bu is tentatively allocated for the liberated areas, but in spite of all this, they feel that 435 million bu will be in the carryover next July, which is a fair increase from stocks on hand this year. Of course, in these calculations no provision is made for possibl imports from Canada, While it is not likely that we shall take as much from our northern neighbor as we did the last season, we are bound to bring in some, and the quantities might increase if the war were over and the pressure from there would increase, although we also presume that after hostilities have ended that the demands from Europe will be heavy, and very likely Canada will share to a considerable extent in such business. However, with a Canadian crop and carryover of 900 million bu they will almost have to sell a good part of the surplus or else be faced with an excessive surplus a year from now, which in peacetime would loom up larger than during the war.

Primary receipts of wheat were 3,217,000 bu compared with 2,968,000 bu last week, and 3,472,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 921,000 bu.

Crop news from the spring wheat areas was mostly favorable; this refers to both sides of the international border. During the past week weather in our Northwest has been quite satisfactory - it was mostly dry with moderate temperatures, and it was just as well that there was no further rain, as the crop is ripening more quickly. While there may be a little cut from the last government estimate, it looks very much as though it would mature ahead of rust damage. Therefore, with the early-seeded crops making very high yields, the outcome should be very satisfactory. Harvesting has started on oats and barley and probably spring wheat will commence in about a week's time.

Most of the pressure today came in rye and in oats, chiefly in the former cereal, and it looks as though some of the longs who have been in the market for a long period have finally become discouraged.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 27, 1944.

During the past year the United States was, indeed, a good customer of Canada's; in fact, next to England we were the largest buyer, and as near as we can figure out there was about 207 million bu of wheat shipped into this country, some of which may have been re-exported, but on the balance we estimate that possibly 150 million bu was used for our feeding program. In addition to this, we imported 64 million bu of oats, 31 million bu barley, so all told there was 302 million bu of grain, not counting the 7 to 10 million bu of rye which also came here due to the disparity in price levels between that country and ours. Canada raised last year only 294 million bu. This in itself would not have been much of a problem, but their carryover was 594 million bu, so total supplies last August amounted to 888 million bu. They themselves had a feeding programnot as extensive as ours, but yet they used 113 million bu for feed, probably the largest figure in history; seed was about normal, accounting for 22 million bu; home consumption stationary at 50 million bu, and for alcohol there was about 6 million bu ground, which is a little more than the previous year, but quite a bit more than in normal times when very little wheat was used at all. In the season ahead, we figure that if present crop prospects are maintained they should have total supplies of 900 million bu.

At the moment our government is not figuring on taking much wheat from Canada, although some was imported already during July, and other contracts are outstanding. While nobody can tell yet what the volume will be for the full year, any smaller amounts which are taken from there will add that much totheir surplus unless other export outlets are found. Our own picture is clear enough from point of view of statistics, but it is the artificial factors and other unknown policies which have dealt a blow to the speculative enthusiasm, and it is going even further for the reason that with the government buying each day in various Southwest markets there is not the necessity for hedging markets as would otherwise be the case. There is some talk that the CCC will shortly support cash wheat in the Northwest also, by purchasing #1 dark and #1 northern in store at about $1.52 Minneapolis. This would be about 3 to 4¢ lower than the spot market, but at least it has the effect of creating a floor, and to that extent pressure from the country may lessen. Much of course will depend on the adequacy of storage space and the availibility of getting wheat to market if sufficient boxcars can be found. Right now farmers in Kansas are troubled over this very factor. It seems that in addition to the excessive moisture they have had difficulty in getting freight cars, and that wheat which is lying out in the fields is not improving any, being exposed to the elements. However, emergency measures will probably prevent too much deterioration and various agencies are working on this problem at the present time.

Primary receipts of wheat were 3,122,000 bu compared with 3,165,000 bu last week, and 3,695,000 bu last year. Kansas City and Minneapolis stocks so far this week had a net increase of 1,194,000 bu.

On reports that wheat in the Southwest was deteriorating because of too much moisture and shortage of freight cars, there was some short covering; also, government support was again in evidence, with at least some sales being made to the CCC. Little attention was paid to further moisture in the Ohio River Valley where as much as one inch of precipitation occurred in several spots. It looks as though the areas of the corn belt not previously favored have now had relief, and the general outlook is much better.

Shorts in rye became nervous when the market went up, and there was considerable covering here, as well as in oats. However, rye does not enjoy a very brisk demand insofar as the cash is concerned, and it seems with the quantities which have been put in the pit rallies do not hold well. At the last enough selling came in so that values were about unchanged to a shade lower.

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CHICAGO MERCANTILE EX.

July 28, 1944

The Latin for revolution is "novae res." When this is literally translated it means "new things". It shows that the thinking in the Roman days was very similar to ours. Regardless of whether we likeit or not the world is in a very revolutionary trend, which cannot be described, however, by a short formula. As Dr. Palyi, international economist puts it, "We are not going into Fascism, we are not going into communism, nor are we going straight back to the 19th century capitalism". As a matter of fact, in the post-war period, which is soon to come, this authority believes Russia will rule her sphere of influence whatever that may be; Britain, of course, will have hers, and we in the United States will have ours, leaving open the question of what will happen to China, Germany, Japan, and the other Axis countries. However, the latter will undoubtedly be eliminated as major powers, and even France will probably not remain a power any more for the reason that only industrial nations can produce the amount of military machines which can fight a war. A Power is a nation with modern military machine and one that can produce it in a short time.

The war news was very good this morning, both in Normandy and on the Russian front. Ordinarily this would have had considerable influence upon markets. Wheat, however, is in a position now where government purchases through the CCC act as a cushion; therefore, we are not likely to have a sharp decline unless there is some change in this program. As for rye and oats, they are in a somewhat different category, but, of course, one cannot forget the effect that the leading cereal has on other grains, and this also must temper bearish enthusiasm from time to time, even though rye has lost many of its friends, and those who have miscalculated the demand are apparently willing to reduce their commitments, and they may possibly sell out their entire holdings before many months pass. It must be rather discouraging to those who have carried cash rye for a year or two to find that prices are only 2 1/4 to 4¢ per bushel higher than they were at the same period in 1943.

Wheat, in spite of the largest crop that has ever been harvested, is selling 10 to 12¢ per bu higher, but as we have said so often in these letters, values would unquestionably be much lower except for the fact that parity has advanced materially during the past twelve months, the loan rate was also increased from 85 to 90%, and on top of that possible feeling that the market might still decline, the government has embarked upon a plan to support prices, presumably to acquire sufficient quantities for the feeding program, but intimating also that purchases would continue far above the immediate needs, with some people fearing that we may have a second Farm Board Era, and that by next July the bulk of the carryover will be under federal domination.

Primary wheat receipts amounted to 3,291,000 bu compared with 3,489,000 bu last week, and 3,161,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,503,000 bu. When the visible supply is posted on Monday it will compare with last year's increase of 9,679,000 bu.

There was never really much pressure to the wheat market, but we do not expect much even when spring wheat moves to market. First of all boxcars are not overly plentiful, and we presume that as the grain is unloaded in various terminals that the government will bid for it, and thus there will be no eagerness to sell, even at present high levels. Generally speaking news from the Northwest and from Canada remains favorable. The President of the Canadian Pacific Railroad stated after an inspection trip that the Provinces are going to have one of the best general crops in many years.

Even though wheat fluctuations here were narrow there was a fair volume in the pit. In rye, there was selling early, but later short covering rallied prices to slightly above theprevious close. Oats were firm, but there was not much feature.

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CHICAGO MERCANTILE EX.

July 31, 1944.

Late last week the government estimated the wheat carryover as of July 1st at 316 million bu. This was only about half as much as the reserve stock one year earlier, the revised figure now being given at 621 millionbu. However, when we compare it with the ten-year average of 235 millionbu and take into account the combined winter and spring wheat crops in prospect, which are estimated at 1,127 million bu, it indicates total supplies of 1,443 million bu. In studying the detailed report more carefully, there are some other factors rather interesting: namely, that of the carryover 102.5 million bu was located on farms, 32.3 million bu in the hands of the Commodity Credit Corporation, in steel and wooden bins on farms. In addition to this, there was 29.7 million bu held by interior mills and elevators; other terminals accounted for 82.9 million bu, while the merchant mills carried over 68.8 million bu. There was probably more on farms proportionately than in other years, but with the large crops now being harvested, it is quite evident that storage space in the various markets of the country will all be filled before long. It is simply a question of being able to obtain box cars in sufficient quantity. In Texas, where there has been difficulty in getting enough room, and where some of the wheat has been lying on the ground shipments have been made as far North as Kansas City, and apparently a good many farmers prefer taking storage instead of actually sellingthe grain. We can also determine from the carryover figures what the disappearance has been in the quarter from April 1st to June 30th, and we would judge that 226 million bu has been consumed as compared with 271 million bu the year before. However, it is impossible to tell the exact amount of imports of Canadian wheat during the quarter, and since they were probably larger than for the same period the previous year, it may be that we shall consume as much, or even more, wheat than in 1943.

However, the important item to remember is that with the reduction in animals, feeding from now on will be smaller, and this is very important as it means less usage of corn, oats and wheat. The stocks of corn on hand were given as 606 million bu. Here, again, we find the disappearance for the quarter smaller than a year ago: namely, 555 million bu as against 650 million at that time. For the first six months of the crop season, October through March, our disappearance was 2,283 million bu, which was 149 million bu larger than the year earlier, but the same holds true for this cereal --that our consumption is now on a reduced scale, and, therefore, our carryover next October at the end of the season should be fairly substantial.

In oats, the disappearance for the quarter was 234 million bu compared with 277 million the year before. In both periods we imported fair quantities of Canadian oats, and probably not a great deal of difference one year as compared with the other, thus indicating that already smaller animal units have to be contended with.

When our market opened this morning,prices were barely firm. There had been a little overnight rain in southern Illinois, but nothing much. The cutting of wheat is starting in some sections of the Northwest, and while ordinarily more pressure could be expected from now on, we doubt whether this will be the case if the CCC support program remains in effect, as we believe it will. However, the war news is very good, and there are still some doubts expressed that, with the bearish statistical position of wheat, whether it will be an easy matter to maintain parity levels without the government increasing its holdings very materially.

Primary receipts of wheat were 4,207,000 bu compared with 4,895,000 bu last week, and 5,970,000 bu last year. The visible supply showed an increase of 13 million bu, and total stocks in all positions amount to 140 1/2 million bu, which is 44 million bu shels million bu smaller than a year ago. Chicago stocks decreased 296,000 bu, leaving 9 1/2 million bu here.

There was never much pressure, although at one time wheat eased off fractionally, but declines did not extend far, and with the CCC support ever present, we believe that the leading cereal will rule pretty steady.

The same does not hold for oats and rye, although in the latter cereal the leading long seems to hold his line intact, and whenever local shorts become overextended they run for cover. Actual demand, however, remains extremely indifferent. Weakness in Minneapolis oats brought some sympathetic selling here, but nothing material.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 1, 1944.

After the close of the market yesterday, parity prices were announced for the month of July, but there was no change in the figure, and wheat remains at $1.50 per bu. This means that a 90% loan makes the national average on the farm about $1.35. Of course, once the loans are set for the year, they are seldom changed, although there was a 7¢ upward revision a few weeks ago. The change was made in accordance with the Stabilization Extension Act of 1944, and the loan rate was increased from 85 to 90% of parity, as of July 1, 1944.

It is now estimated by the Department of Agriculture that only 250 million bu wheat will be fed in the 1944-45 season compared with 475 million bu a year earlier. This, of course, is based on the assumption that the present outlook for corn will be maintained until harvest. The reduced estimate for wheat requirements reflects the reduction in animal numbers, which has already taken place, and it furthermore anticipates further reductions during the year. The chances are that the same also holds true for Canada, where last season's wheat consumption was a record, but we doubt very much whether the requirements in the season ahead will run as high as 191 millionbu, as was the case at that time, for the reason that there has also been a contraction in their program. In any case, with the extra usage of wheat during the past 12 months, there has been a record reduction of approximately 600 million bu in the carryover of old wheat in the four major exporting countries. This would ordinarily be a tremendous factor except for the fact that it loses much of its significance owing to the large crops in prospect, with Canada likely to raise 500 million bu compared with only 293 million bu last year, and this country having a prospect for 1,128 million bu, whereas the previous crop amounted to only 836 million bu. In other words, North America will start off with supplies practically as large as a year ago, while the position in Australia and Argentina indicates a comparatively small reduction in the wheat surplus from a year ago, even though both countries are exporting wheat and flour in larger volume at this time than they did in 1943. Some increase in wheat acreage is expected in Argentine, where the new crop is off to a good start. Rains are needed in sections of Australia, but the general situation there appears to be more favorable than it was last year, when drought was severe and eventually a very small crop was harvested.

The past week has been quite dry in the Northwest, the only precipitation being widely scattered showers. This is possibly fortunate, and while it may have cut down yields somewhat, with the result that late wheat will suffer, farmers seem quite pleased because they realize that if it had been wet and humid black rust would have made further progress. The result would have been worse. One of our good friends believes that yields may run 16 to 16 1/2 bu per acre, making a total crop of 315 to 325 million bu of spring wheat. Harvesting of barley and oats is pretty well along, and the quality is running very high. Oats are running 34 to 38 pounds per bushel, and barley from 46 to 50 pounds. However, the late barley and oats will probably show more effects of dry weather.

Primary receipts of wheat today were a little smaller, at 2,847,000 bu compared with 3,513,000 bu last week, and 3,997,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a net increase of 567,000 bu.

Trade in the wheat pit was very quiet, and we believe that the volume was again about half as great as in rye. Net changes were rather unimportant. The reduction in flour subsidy rates had very little effect; hard wheat was reduced to 13¢ a bu, or 2 1/2¢ less than a month ago; soft wheat now carries no subsidy whereas 30 days ago it amounted to 4 1/2¢ per bu. In other pits a rather bearish sentiment prevailed, but traders were cautious, and did not press the market on breaks.

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CHICAGO, 4

August 2, 1944.

Prime Minister Churchill, appearing in the House of Commons, told a cheering audience that the Normandy invasion fulfilled a promise to Premier Stalin at Teheran that such a plan would be put into operation at the end of May or the beginning of June. In return, he said the Soviet leader had promised that the whole of the Russian armies would be thrown, as, indeed, they have been, into the general battle in the East. The entire speech was optimistic but factual. He paid tribute to the allied armies in Italy, and also, saluted Russia for its heroic accomplishment, and said that he firmly believed that the British twenty-year treaty with Russia would prove to be one of the most lasting and durable factors in preserving the peace and good order of Europe.

Ordinarily, this would have had a somewhat bearish influence upon our markets, but the trade is quite impressed with dry weather reports, and while there has been a little spasmodic relief here and there, what is really needed now is a good, soaking rain, particularly in the Central States, and there does not seem to be much immediate relief in sight. A few widely scattered showers are forecast, but meanwhile, the high temperatures are undoubtedly taking some toll, particularly in areas where precipitation has been light. Not only corn and late oats are being affected by the dry weather, but, indeed, victory gardens and food supplies in general. Unless the drought is long-extended, and crops are reduced, it is figured that our civilian food consumption will equal that of 1943. There are some reductions here or there, such as meats, but despite the very large war requirements, the volume of foods is expected to be 38% above the pre-war average, 1935-39. This is certainly a remarkable showing, While the increases are largely in food grains, truck crops, etc., we also should be very thankful that the citrus crop, both last year and the 1944-45 crop, as now indicated, will probably go down in history as a record for both years. In addition to this, the deciduous fruit crops are expected to be fairly large, with the result that fruit juices will be about one-fourth larger than in 1943.

Last year's wheat disappearance was the largest in our history, despite comparatively small exports. The chief reason, of course, was the large feeding of wheat, and the disappearance was about 550 million bu more than for the ten-year average, with the alcohol program also requiring more than 100 million bu wheat. The total is given by the Department of Agriculture as 1,272 million bu compared with 979 million bu for the previous year, and 720 million bu the ten-year average. We feel, however, that with feeding requirements greatly reduced, we shall not consume anywhere near this quantity in the twelve months ahead, even granting that the corn crop may not turn out quite so well as was previously expected.

Primary receipts of wheat totaled 2,714,000 bu compared with 3,217,000 bu last week, and 2,637,000 bu same date last year. So far this week stocks at Minneapolis and Kansas City show a net increase of 1,120,000 bu.

Trading in wheat has again slipped to rather small proportions, and yesterday the total volume in that cereal amounted to only 3,816,000 bu. This is not surprising in view of the continual purchases on part of the CCC in face of a heavy crop. Undoubtedly, there are many mills which are not hedging at the moment, feeling that government purchases will be a sustaining factor in the market. However, the situation could change with further favorable developments on theContinent. At the close September wheat was 1/4¢ per bu lower, and the December 1/2¢ lower.

There was a somewhat easier feeling in rye throughout most of the session on the belief that the favorable news from Europe indicated a much earlier cessation of hostilities than had been anticipated some weeks back.

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CHICAGO, 4 August 3, 1944.

The greatest conflict in thought at the moment is the dry weather on the one hand, which has prevailed for some time in the corn belt, and opposing this is the excellent war news, which is regarded by most traders as a bearish influence. For that reason our markets at the moment are restricted to rather narrow limitations. There was only about 5 million bu wheat traded yesterday, although undoubtedly there is a reason for this: namely, the government support, which keeps a good many elevator concerns, producers, and processors from hedging their grain, figuring that there can be no wide-open breaks.

In analyzing the near-end of the war, we are frequently asked the question as to why the bearish implications are given so much prominence, in view of the fact that during other post-war periods, prices ruled rather high. We should like to say at the outset that in the wake of almost every war following the destruction of manpower and property, and devastation of farm lands, there came the usual period of agricultural neglect. This state of affairs prevailed at the end of the Napoleonic wars, in consequence of which prices of foodstuffs and many other allied products rose to unprecedented heights. Later in history came our Civil War, and that also brought extremely high prices in spite of the fruitfulness of the Mississippi Valley. It was about thirteen years after the close of the war before commodity prices again settled back to the levels that had previously existed. Following World War 1, prices were also very high, and despite the fact that during hostilities our government had made strenuous appeals to the farmers to increase their production, and finally guaranteed a price of $2.26 for wheat in an effort to raise enough food for the allies, but when the war was over, in spite of all these great efforts, supplies were extremely small, and it was not until about 1921 that the world raised sufficient quantities for its requirements. However, it must never be forgotten that twenty-five or thirty years ago, the countries having the largest surpluses were the United States, and Russia. These two nations vied with one another for the export markets, and the competition from Australia, Canada, and Argentina had not yet started. This is no longer the case, as in most recent years Southern Hemisphere countries have each shipped more wheat to Britain and to the Continent than we have, and certainly Canada has become a tremendous factor in world trade, with the result that there is no precedent for the large supplies that might be available for war-torn Europe once the war is over and shipping facilities are restored. With this in mind we make a distinction in our thoughts between other post-war periods and the one that is soon to be.

When the opening gong sounded this morning, rye and oat prices were rather firm. The Weather Bureau had claimed that heavy rains in the past thirty-six hours had broken a serious drought in a wide eastern coastal belt, extending from Virginia into eastern Pennsylvania and New Jersey. However, the corn belt received very little relief except for showers that were reported at Storm Lake and Sioux City, Iowa; otherwise it remained dry, with rather high temperatures prevailing, and the forecast does not promise any precipitationfor the next twenty-four hours.

Primary receipts of wheat were 3,185,000 bu compared with 3,122,000 bu last week, and 3,008,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,581,000 bu.

There was never much trend to the wheat market. At times values declined fractionally, but later in the session when shorts in rye covered there was a little buying in wheat, with the result that closing quotations were hardly changed from the previous session.

There seems to be very little pressure in either oats or rye, and for this reason small buying orders easily affect the price. While it remains dry over a large part of the lower Ohio Valley and other sections of the corn belt, the trade is very cautious. We presume that ordinarily if there were any trading in corn, a bullish feeling would prevail, but in the absence of same about the only way anyone can give expression to a feeling of apprehension is through the purchase of some other grains, and for the time being oats and rye are in this category.

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CHICAGO, 4 August 4, 1944.

War news from the Continent continues of a very favorable tenor. To a non-military layman, it would certainly appear from reports that the fighting morale of German forces is ebbing, that resistance in many sectors is on a diminishing scale, and that the surrendering of German forces is assuming much larger proportions than anything as yet experienced in the present conflict.

Despite this condition, the hot wave which has developed in most of the grain belts in this country has been causing some concern, or at least caution on part of traders. While weather markets are usually overplayed, there will no doubt be a rather general uneasy undertone until relief is in sight. However, in view of some fears expressed of deterioration in the feeding crops, a rather encouraging report was issued this morning by one of the private crop experts, which came as somewhat of a surprise to those who have been talking damage to the corn crop. The report indicated a yield of 3,003,701,000 bu corn, as compared with the government estimate of July 1st of 2,980, million bu., and is an increase of 135 million over the private report of July 1st, at which time it was approximately 122 million bu under the official government figure. However, in analyzing the figures against the government's previous report, deterioration is shown in Ohio, Indiana, and Illinois, although more than offset by improvement in Minnesota, Iowa, Missouri, and Nebraska.

With wheat moving in a rather narrow range owing to the government support buying, attention is again being centered in rye, and it may be timely to review the situation, not only here but in Canada and Argentina as well. According to figures recently released, the Canadian acreage planted to rye is 572,000 acres for the three Prairie Provinces, as compared with 498,000 acres a year ago. The condition as of July 1st stood at 92%. At the present price, Canadian rye is now selling at approximately the same price as Chicago futures in their respective funds, which means about 10¢ under the Chicago price in our currency. Should the war end, the Canadian surplus would find its way to Europe on a competitive basis with the United States. If the war should be of longer duration, the surplus might have to find its way into this country, and in order to absorb shipping costs, etc., Canadian rye prices would have to decline. Turning to the Argentine, their crop is now officially estimated at approximately 25 1/2 million bu. While this is a sharp reduction from earlier estimates, it probably does not take full recognition of the acreage which is pastured. Should world conditions ease the shipping situation, certainly Argentina would be a competitor for the overseas business, and unless our prices decline proportionately, or unless the United States government should subsidize exports of rye, our prices are out of line with competing nations.

Primary receipts today totaled 2,517,000 bu vs. 3,291,000 bu a week ago, and 3,044,000 bu the same day last year. So far this week stocks at Kansas City and Minneapolis have increased 2,093,000 bu. This would indicate a larger increase in the visible supply on Monday than a year ago when the increase amounted to 1,607,000 bu.

SanfordEvans has now revised his estimate of the amount of Canadian wheat available for export and carryover, as of July 28th, to 353 million bu, which brings it about in line with the figures recently released by the Agricultural Branch of the Dominion Bureau of Statistics.

There were some reports toward the latter part of thesession of further rains in Iowa, and in some isolated spots in northern Illinois. This brought about some easiness in the pits, traders mindful that it might also spread to drier sections, although it is not forecast. Rye broke most, and wheat declined fractionally, meeting resistance because of government buying program. The close of wheat was about 1/8 to 1/4¢ per bu lower.

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CHICAGO, 4 August 7, 1944.

The very favorable war developments seem to overshadow all othe news in the market. On Saturday there appeared to be a very fair prospect of some moisture developing over the weekend through central and southern Illinois, and the Ohio Valley. The failure of precipitation to materialize would have, under normal conditions, probably caused a firmer feeling at the opening today. The final outturn of the feed crops will have a deciding effect on the price structure of grains and will determine the amount of wheat necessary to revert to feeding channels. Should the last government estimate be maintained, the outlook is rosy for sufficient wheat supplies, which are so necessary during wartime. On July 1, 1943, we started the season with a carryover of wheat amounting to 616 million bu, to which was added a crop of 836 million bu, giving total supplies of 1,452 million bu. The carryover, as of July 1, 1944, is now estimated at 316 million bu, showing a disappearance of domestic wheat for all purposes of 1,136 million, to which, of course, would have to be added approximately 130 million bu imported from Canada, or a total of 1,266 million bu. It is estimated that we used during the past crop-year 475 million bu wheat for feeding purposes and 110 million bu for alcohol, or a total of 585 million bu, which includes Canadian imports. Deducting this amount from the total wheat available in this country, both domestic and Canada, would leave a balance of 681 million bu for human food, seed, and export. Sanford Evans recently estimated our exports of wheat at 75 million bu, which would bring the domestic food and seed consumption to 606 million bu.

Looking at the picture for the present crop-year, and using the government's July 1st estimate of 1,127 million bu, plus a carryover of 316 million bu, would give us total supplies of 1,443 million bu, exclusive of any imports from Canada, and feed wheat is still being received from our Northern neighbor. There was about 700,000 bu cleared Canadian ports on August 4th and 5th. Should the feed grains not suffer any material deterioration, it has been estimated that with the reduction in animal population, our requirements of wheat for feeding purposes for the 1944-45 season may total only 250 million bu. It also seems self-evident that should the war on the Continent end at an early date, our requirements for alcohol will be decidedly reduced, but figuring on the same quantity as last year, we would need a total of 360 million bu for feed and alcohol, and figuring, under war requirements, 625 million bu for domestic food, and figuring exports extremely large for lend-lease, etc. at 150 million bu, 360 million for feed and alcohol, it would make a total consumption of 1,135 million bu, and leave us with practically the same carryover on July 1, 1945, as we started with this season. As pointed out above, this does not include Canadian imports, and it is probably estimating domestic and export business heavier than will actually be realized.

The Baldwin Elevator Company in their weekly review points out that the weather for the past week has been dry, hot, and humid, which was perfect where they had had sufficient moisture but rather bad in the drought and dry areas. Some of the early planted corn is in the "roasting ear" state, and doing fine in areas that have been favored with ample moisture but deteriorating in the dry sections. There is no doubt that conditions in Illinois are spotty but on the other hand, this is being offset by a more favorable outlook in Iowa and Nebraska, and Minnesota.

Primary receipts today totaled 4,394,000 bu as compared with 4,207,000 a week ago, and 5,477,000 bu for the comparable day last year. When the visible was posted, it showed an increase of 10,658,000 bu, and now stands at 151,110,000 bu, which is 35,124,000 bu less than last year. Chicago stocks of wheat decreased 131,000 bu, and now total 9,454,000 bu.

Markets were under pressure throughout the entire session. There was no evidence of mill support, and apparently flour business is very quiet. At times when the market reached stop-loss orders, there was very little buying power uncovered in the pits. Believe that the declines reflected a much more optimistic feeling as to the probable ending of the war, as well as the fact that storage facilities are being rapidly filled in the Southwest, and much grain still remains back on the farm. While there was some recovery from the lowest point, at the close both September and December wheat were 1 3/8¢ per bu lower.

Rye showed lack of support orders, also, and liquidation seemed to be fairly general.

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CHICAGO, 4

August 8, 1944.

According to a Washington press dispatch, conferences have been and willcontinue to be held among high government officials to study the advisability of curtailing in part Lend-Lease shipments of food and to allocate larger quantities to the civilian population in this country. There is some fear expressed that an early ending of the war might find this country, as well as other United Nations, faced with a large stock pile of surplus agricultural products. The military forces, wisely planning for a lengthy war, purchased vast reserves of food in order to properly supply our armed forces, which are scattered over the entire globe. Some have estimated that this supply may be equal to a full year's ration to every man in service. Naturally, an early conclusion of hostilities and demobilization of our forces would release these supplies as surplus. The same condition exists among the other members of the United Nations, and particularly England, which in the early days had to store vast amounts of food when the U-boats were still menacing her lines of supply. Another point raised is that the food requirements of the liberated areas have been less than anticipated, and from different reports which we have read, it appears as though conditions in the larger cities are rather bad, but considerable quantities of food are found stored in the country districts. Should war news continue as bright as it is at the moment, the end of the war is certainly closer in sight, and the military forces may possibly greatly curtail their future purchases.

In looking at the world's supply of wheat, there seems to be no reason to feel that there will be any shortage of "the staff of life." The United States is starting the season with a probable wheat supply of approximately 1 1/2 billion bu. In Canada general crop conditions in the Prairie Provinces continue favorable, and their carryover, plus the new crop, may total 850 million bu. It is still too early to make any forecast for Australia and Argentina. Hot, dry weather has developed in Australia, and growing conditions have not been the best. However, on the other hand, whatever losses Australia may suffer could be more than made up from Argentina; provided the war is ended, and shipping facilities more plentiful, and that country electing not to divert any large quantities of wheat for fuel as has been practiced in the past two seasons. According to WHEAT STUDIES of the Food Research Institute of Stanford University, they assume that greater Europe, including Russia, will not import more than a maximum of 600 million bu wheat and flour, and that the Oriental countries will not exceed 50 to 70 million bu. They conclude that half this total quantity could easily be obtained in the Southern Hemisphere, while the balance, plus 50 to 75 million for shipments to other countries, would mean less than 50% of the prospective exportable surplus of North America, and could easily be spared by Canada. In other words, it appears very much on the present price structure that our exports will be limited to the quantity of wheat which we might elect to give away for civilian relief under the UNRRA arrangement or under Lend-Lease.

Primary receipts totaled 2,488,000 bu compared with 2,847,000 bu last week and 4,226,000 bu last year.

There was no particular overnight grain news. Precipitation is still lacking in the dry sections of the corn belt, but while temperatures moderated some, warmer weather is again in sight with no moisture relief. There was very little flour business in evidence; in fact, mill interest was much smaller than yesterday, but wheat held relatively firm despite the weakness at times in rye. Messages from the Northwest indicate that the CCC is buying wheat in store in that market the same as they continue to do in the Southwest. At the close wheat was 1/4 to 3/8¢ per bu higher.

Liquidation in rye was in further evidence, and shorts were quite active in pushing sales during the major portion of the session, although the September future met better support toward the close. Some traders believe that part of the cash rye which had been taken out of the pit in the past has been finding its way back into the futures market, but this is merely a conjecture on their part.

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CHICAGO, 4 August 9, 1944.

The tempo of the war on all fronts has been such as to lead to a cheerful feeling of an early termination. Whether too much optimism is being expressed, and whether too much hope is being placed on an early breakdown of Germany's internal condition and morale, is difficult to state. Undoubtedly, the present "powers that be" in Germany will attempt to fight more to the last ditch in order to preserve their hold. On the other hand, Germany can ill afford the loss of manpower and materiel which is taking place, as her power or replacement is limited while that of the United Nations has been steadily increasing.

The day of reckoning seems to be rapidly approaching, and more attention must be given to the reconversion period, not only in industry but agricultural as well. The farmers of this country have done a magnificent war job. Despite terrific handicaps and lack of manpower, crop and livestock production has increased 25%, while during World War 1 the increase was not in excess of 5%. The government through legislation is committed to a policy of basic crop loans for a period of two years following peace. Should this be maintained at the present status of 90%, unsolvable problems may be created. No one wants to go back to the economy of scarcity, when pigs were killed and acreages plowed up. No one wants to see an accumulation of terrific surpluses with the ultimate choice of government accumulation, or dumping, or subsidies, all of which have had their repercussions in the past. As Broomhall so aptly points out in a recent ediction of THE CORN TRADE NEWS: "Only governments can interfere with world supply and demand, but they cannot do it with impunity. Disturbance of one factor disturbs another. It is from this government interference and from no other cause that most of the trouble in the wheat trade has arisen. Ha there been no self-sufficiency, no tariffs and quotas in efficient countries, no interference in exporting countries to pay farmers more than their wheat was worth, we believe the trade would have quickly recovered from the depression." He further feels that the post-war era will offer great opportunities for expansion through the demand for higher nutrition and for the immense quantities of grain which will be needed to produce the necessary supply of livestock products, and points out, "the requirements will not be satisfied unless quotas and tariffs and other impedimenta to trade are removed, but if they are removed it will be up to farmers to produce as much as they can and as cheaply as they can, and it will be the job of the trader to market the grain efficiently." The farmers in exporting countries will have to show the world that they are able to produce a great abundance of reasonably cheap food, and he comcludes with the statement. "If they fail to do this by invoking the protection of their own governments and putting their friends, the traders, out of business, then it follows as night follows day that importing countries will again turn to self-sufficiency and that the great international grain trade will shrink to a worthless dribble."

The weather prediction in the Central and Ohio Valley corn belt does not hold out any promise for moisture, and temperatures are again rising. The weekly State reports pretty well confirm the general trend of thought on the development of the corn crop. Iowa reports that there have been very favorable temperatures for growth, including nights with rainfall adequate and well distributed. The drought has been broken in the southern sections, but continues in a few others along the Mississippi River, and the progress of the corn is excellent. On the other hand, Illinois reports there have been unfavorably hot days without rain of importance. Conditions are spotty and serious over areas in the central and southern sections. Ohio indicates that about one-fourth of the reporting stations show partial relief from drought, with conditions spotty, varying from good to very poor, with early rain necessary.

Primary receipts today amounted to 2,068,000 bu compared with 2,714,000 bu last week, and 2,871,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 846,000 bu.

No moisture is indicated for the drougth areas, and temperatures are rising. Wheat moved in a rather narrow range, seemed to be neglected during most of the session, and at the close was 1/8¢ per bu lower. The CCC is bidding $1.52 for wheat in the Minneapolis market. There is a tendency on part of traders in all pits to assume a cautious attitude, awaiting the issuance of the government report on Thursday afternoon.

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CHICAGO, 4 August 10, 1944.

In going over the history of agriculture for the past ten to twelve years, the basis of the Agricultural Adjustment Act has been founded on the so-called parity price. The concept of parity is the price per unit and in no way deals with the real income of the farmer. The base period of computing parity is 1909-14, during which time wheat prices on the farm averaged 88.4¢ per bu, corn 64.2¢ per bu, rye 72¢, hogs $7.27, and cotton 12.4¢ per lb. This has often been referred to by the proponents of parity as the "golden age" for agriculture, in which the relationship between what the farmer sold and what he bought was in proper balance. At that time, there were slightly over 32 million people on farms in this country, and they derived a net income of $4 1/2 billion per year. During the same period, persons not on farms had a total income of $28 to $33 billion. The farm population has gradually decreased until now it is estimated that there are somewhat less than 30 million people on farms. Despite a decrease in the population, the net income of those on farms increased from $4 1/2 billion in the base period to approxmately $13,700,000,000 in 1943, or about threefold. It the farmers had not increased their acreages, farmed more proficiently, produced more per acre, and diversified their products,(in other words; if the farm production was the same as during the base period 1909-14,)wheat would have had to sell at $2,65 a bu, corn $1.92 a bu, cotton 37¢ a pound in order to have obtained the income which they derived in 1943.

There are never two seasons in which the growing weather is exactly similar. The production per acre varies from year to year. The improved farming methods, more intensive cultivation, the use of better seed, such as rust-resistant wheat and hybrid corn, has tended under favorable weather conditions to raise the yield per acre. It is doubtful whether the principal of parity with its rigidity of calculation will ever prove the validity of running a farm program according to formula. Individual crops vary greatly according to conditions surrounding them, and the income from each may change from year to year, according to the outturn and values received. In the last analysis, the farmer is interested, like everyone else, in his total net income rather than the price per unit, which is the fundamental underlying theory of parity. As we pointed out in our letter yesterday, we believe there will be many opportunities for agriculture in the post-war period, but in order to meet the demands of the world, it will behoove the farmers to produce a great abundance of reasonably cheap food. There is no precedent in history to assume that buyers will voluntarily pay a higher price for any article than they think it is worth, and any plan predicated on the assumption that buyers will do this is doomed to failure.

After the close of the market yesterday a Canadian government report on condition was issued, but no estimates as to actual outturn. However, as of July 31st, the condition of spring wheat was given as 128%, which compares with 113% the month previous, and 111% a year ago. Trying to reduce the condition to actual yield is never very accurate. The Searle GrainCompany, prior to the issuance of the government figures, estimated a crop of 447 million bu for the three Prairie Provinces, which is probably very much in line. The government gives approximately 21 million bu for eastern Canada, and combining these two figures would make the Canadian crop 468 million bu.

In this country temperatures have risen and dry conditions still persist in the drought areas of the corn belt, without any prospect of relief during the next forty-eight hours. This is causing concern, as naturally the final outturn of the corn crop will determine the amount of wheat to be fed. However, as some offset the Missouri weekly weather and crop bulletin of August 8th reports moisture in most sections of the State, and corn prospects are very promising.

Primary receipts today totaled 2,580,000 bu as compared with 3,185,000 bu last week, and 2,485,000 on the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a total increase of 1,236,000 bu.

Wheat was neglected throughout most of the session. The only feature seemed to be some hedging coming down from the Northwest, and buying by one house, presumably against an export order, but generally speaking traders in all pits are awaiting the government report to be issued this afternoon. At the close wheat was 1/8¢ per bu lower for both September and December.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 11, 1944.

The government report which was given to the trade after the close of the market yesterday furnished no great surprises. The corn estimate was reduced 51 millionbu from a month ago and reflected the drought conditions which have existed throughout central and southern Illinois, Indiana, and the Ohio Valley. The report showed a reduction in Illinois, Indiana, Ohio, and Kentucky of 105 million bu. On the other hand, better prospects were reflected in Iowa, where the estimate of July 1st was increased approximately 23 million bu, Nebraska about 35 million, Kansas approximately 20 million, and conditions were fully maintained in Missouri. Naturally, the report does not reflect the continuation of drought the first ten days of August, when still further deterioration has undoubtedly taken place in the affected areas. As to the final outturn, much will depend on the developments in the near future. There is some possibility that relief may occur over the weekend, but the vagaries of weather during drought times are rather difficult to predict.

Looking at the over-all picture, the combined prospective total of all grain and feedstuffs will likely exceed by a small percentage any harvest on record, with the exception of 1942, and with the prospective reduction in the number of livestock, supplies per animal unit on farms will probably be larger than during the previous year. According to the July figures of the Bureau of Agricultural Economics, the spring crop of pigs this year was reduced 24% from the record crop of last year, and the fall pig crop is indicated at about 32 million head, which would be 33% less than in 1943, when it totaled 48 million head.

Normally, the government report, plus the weather prevailing at the moment, might have caused a more bullish feeling, but there are many cross-currents in the market. Due to favorable war news and the possibility of an early cessation of hostilities on the Continent, the large supplies of all grains are constantly in the minds of the traders. In fact, these also must be having the attention of the "powers that be" in Washington, as according to a press dispatch, food officials of the administration are expected to tell Congress shortly that a vast program for subsidizing domestic consumption of food may be required to prevent a sharp post-war break in food and the commodity prices, pointing out that with the over-all food production one-third greater than pre-war levels, the government authorities doubt whether export and home demand will be able to absorb the full outturn after war requirements cease to exist.

The report on rye showed a decline of about 1,800,000 bu from the previous month. At that time, when the prospect was for about 29 1/2 million bu, the Department of Agriculture stated that with stocks at the beginning of the crop-year 31 million bu, and with food requirements estimated about 11 1/2 million, and seed 6 million, substantial quantities would be left for alcohol, spirits, and feed. The recent government estimate showed a bumper crop of 147 million bu sorghums grains, part of which certainly can be diverted to alcohol and for some substituting of protein feeds. Oat prospects showed an increase of about 4 million bu, and the crop now appears to be about 1,183 million bu. As far as wheat is concerned, there was a slight lowering of the winter wheat estimate of about 7 million bu, but an increase in spring wheat of approximately 11 million bu, the total crop being estimated at 1,132 million bu, which is a record for all times.

Primary receipts today totaled 2,773,000 bu as compared to 2,517,000 bu last week, and 3,128,000 bu same day last year. So far this week Kansas City and Minneapolis stocks show a net increase of 1,704,000 bu., which indicates an increase in the visible on Monday somewhat comparable to last year's when it was 3,924,000 bu.

There was again no particular interest displayed in wheat, and as yesterday, there were some hedges placed in the market for the Northwest, and some buying by the same house as in the past few days, presumably for an export sale, but apparently these hedges must be pretty well covered by now. At the close wheat was 1/8 to 1/4¢ per bu lower.

In response to the government report, rye opened higher, but traders seemed to be impressed during the session with the possibilities of some break-up in drought conditions between now and next Monday, and as this feeling gained ground support was lacking. Buying in oats seemed to be of a better character today. Receipts of both oats and rye are running very light for this time of the year.

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CHICAGO, 4 August 14, 1944.

General Eisenhower has predicted that this coming week will be one of the most momentous in the history of this war, a fruitful week for us, and a fateful week for the enemy. This, of course; should not be interpreted to mean that peace will follow immediately, but the hour glass is running out on Hitler and his hordes. Naturally those who have to plan for the future are giving more and more thought to the reconversion period and the steps which are to follow. There can be no argument that every decent citizen in this country wants to see a post-war period which holds forth the promise of a high level employment for the masses. When one studies the recently defeated Kilgore Bill, and reads of the possibility of proposals to subsidize agriculture to prevent price declines, one cannot help but wonder how far this country can go in expenditures and deficit financing. War has of necessity called for the essential expenditure of vast sums of money. From 1789 to 1941, receipts of the U. S. Treasury were $132 billion. During this same period the expenditures totaled $180 billion, showing a deficit at the start of the war of approximately $48 billion, of which the majority had been incurred during the ten-year period prior to the outbreak of hostilities. From 1942 through the fiscal year, 1945, the Treasury receipts are estimated at $120 billion, with expenditures of $302 billion, or a deficit of $182 billion. It is not in the realm of possibility to have an early-balanced federal budget, or to have too drastic reductions in taxes, but on the other hand, if venture-capital is to play a part in our economy, expenditures will have to be carefully scrutinized and culled.

The trade has been following weather developments very closely. High temperatures still exist through the major section of the corn belt. Some moisture occurred over the weekend in Indiana and Ohio, and while it ran heavy in several sections, it was quite widely scattered. The Federal Weather Bureau predicts that a mass of cold air is now working Eastward and will provide the northern Central States relief from the prolonged August heat wave, with some possibility of scattered thundershowers. The weekly grain market review of the War Food Administration reports that the seasonal development of the corn crop is unusually variable, much of it now going through the critical period of growth. They report that west of the Mississippi River, the outlook continues rather generally promising, although more harm has been done by dry weather in the southwestern portions of that section. However, east of the Mississippi River conditions are spotty, and the general outlook is "far from promising in the Ohio Valley States We have heard scattered reports of deterioration in Nebraska since August 1st, at which time the Nebraska Department of Agriculture reported that with favorable weather, there could be a record production of corn. Secretary of Agriculture Wickard, who was in Chicago yesterday, apparently is not unduly concerned over crop conditions. He intimated that although subnormal precipitation and abnormal heat had reduced the farm production in Ohio, Kentucky, Tennessee, Indiana, and southern Illinois, bumper crops in Iowa, Kansas, Nebraska, South Dakota, and Minnesota will more than offset the loss. In a general summary he stated that the United States will this year produce the greatest crop in its history.

Primary receipts total 3,344,000 bu as compared with 4,394,000 bu a week ago, and 3,915,000 on the comparable day of last year. The visible supply was not posted at the time our market closed today, but Chicago stocks increased 624,000 bu, and now total 10,078,000 bu.

Wheat was again neglected and moved within an extremely narrow range during the entire session. The government buying program for feed purposes prevents any large placing of hedges, which should be the dominating factor at this time in view of the large wheat crop. Flour business is still light.

The rye market was rather weak during the major portion of the session. War news seems to overshadow weather conditions, and most traders are impressed with the fact that peace means lower commodity prices. However, towards the end of the session, September rye was in demand, and it may be possible that some of the purchasing was the removal of hedges against cash sales. Rye stocks in Chicago, while still very heavy, are diminishing, and last week decreased 610,000 bu, bringing the total to approximately 11,200,000, as against the peak of about 13,800,000 bu.

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CHICAGO, 4 August 15, 1944.

Traders on reaching their offices this morning were greeted by the thrilling news of the opening of the fourth front and the successful landing of a great allied army, which swarmed over the beaches of Southern France, between Marseilles and Nice. Early reports indicate that all objectives had been obtained and that fast progress is being maintained against only light ground opposition and no air opposition. The invasion army of the Mediterranean is only 400 miles from the Americans who crossed the Loire River below Brittany.

Invasion communiques were eagerly sought before weather reports were scanned. The weather still remains hot and humid over the majority of the grain belt. Some fairly good rains had occurred the past twenty-four hours over portions of Kansas and Nebraska, with very light scattered showers over northern and north central Illinois. Danville reported a four-hour rain and good rains occurred at Champaign and Tuscola. Indianapolis reported about .30 inch, other points having some light scattered moisture. The indications are for the continuation of warm weather for possibly another thirty-six to forty-eight hours. There is a bank of cool air lying over the northwestern States, the movement of which seems to have been retarded, but which may possibly reach the drought areas in about forty-eight hours. Those who are versed in weather matters believe there is a good possibility that considerable disturbance will accompany the change in temperatures and that some very needed and favorable rains could develop.

The War Food Administration very wisely has announced an increased goal for the wheat acreage to cover the 1945-46 season. With the vicissitudes of weather such as we are experiencing now in the corn belt, it certainly would not be a part of prudence to provide anything but ample supplies. The goal is set at about 68 1/2 million acres, which would be an increase of 1,900,000 acres from the acreage planted for harvest this crop-year, and an increase of approximately 13 1/2 million acres from the planted acreage in 1943. The allotments include an increase in Kansas, the largest wheat producing State, of approximately 180,000 acres; Oklahoma about 650,000 acres, while Texas it held at approximately the amount planted in 1944: They suggested the acreage in Illinois be increased 120,000 acres, which percentage is a substantial increase.

More attention is being paid to oats and rye rather than to wheat, and the major cereal remains rather neglected, which is not surprising as the government feed-wheat buying program prevents a normal flow of hedges to this market. September oats were strong throughout the session, with a rather tight situation, at least temporarily, developing in the near-by future. Shipments from the country are lagging, and they are in no way comparable to what they usually are at this time of the year. The visible on Monday showed an increase of only 1,549,000 bu, bringing the total to 5,472,000 bu, or approximately 3 million bu less than a year ago. With the premium existing for cash oats, they are not being attracted to this market from the Northwest. At the present time #3 white oats are bringing the new September price to 2¢ over the new September in Minneapolis, with #2 at least 1¢ more. It costs approximately 4 1/2¢ freight to bring oats down to this market, and anyone electing to make delivery would have to pay 1 1/4¢ elevation. In other words, it would cost about 5 1/2¢, plus some profit for the shipper, and until there is a larger movement from the country this condition will probably continue to prevail.

Primary wheat receipts today were 2,889,000 bu compared with 2,488,000 bu last week, and 2,878,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 310,000 bu.

We have a letter from a very good friend of ours from the Northwest, who is very well posted on grains. He feels that the heavy storms which took place last week exacted a rather heavy toll of wheat in some sections of Montana. He is rather inclined to feel that the last government report may have been on the optimistic side with its spring wheat estimate. However, with a crop the size of the one we are raising in this country, 5 or 10 million bu one way or the other will not be a major influence.

During major portion of the session wheat showed very little independent action, and feebly responded to the strength in oats and rye. However, near the close of the session commission houses were conspicuout on the selling side. At the close September wheat was 1/2¢ per bu higher, and the December and May were unchanged.

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CHICAGO, 4 8-16-44

Considerable rainfall occurred over portions of the Southwest and Northwest, and covered a very wide territory in Kansas. Beneficial showers from light to fairly heavy also occurred the past twenty-four hours over the north central portion of the corn belt area, with indications of further showers and thunderstorms over the central States and a good prospect of rains hitting southern Illinois and up the Ohio River Valley. The weekly crop bulletins bear out damage and deterioration from the drought conditions, but undoubtedly timely moisture now will help to alleviate the situation. In Iowa, the largest corn producing State, the bulletin reports that, despite high temperatures, soil moisture was still ample except in the drier sections along the Mississippi River, and the progress of corn as a whole is excellent.

In trying to judgeprice trends in the past, one confined himself principally to the stocks, the crop prospects, and the possible demand; but now there are several other elements which have entered the picture, making prognostications more difficult. One is the probable length of the war. There seems to be a general feeling that peace will witness lower farm prices. During wartime, farm prices at wholesale have risen more rapidly than non-farm prices, and even though the demand for food for European relief will remain high in the post-war period, the over-all picture will probably show some decline in demand. The second is possible government action.

Several weeks ago, the Canadian House of Commons approved an agricultural price support bill, as introduced by the Minister of Agriculture. The new measure provides for the support of prices of all agricultural products with the exception of wheat, which is already supported under previous legislation. It authorized a three-man board to support prices either by purchase or subsequent re-sale, or by making deficiency payments to fill up the gap between average market price and established floor prices. The Act provides no specific formual for determining the level at which floor prices are being established. It merely directs the Board to endeavor "to insure adequate and stable returns for agriculture by promoting orderly adjustments from war to peace conditions," and further a fund of $200 million is made available for such purposes.

In the United States, Senator Bankhead has just conferred with James F. Byrnes, Director of War Mobilization, as to the means of raising cotton prices to parity, and was assured that the War Mobilization Office would fully cooperate in carrying out the directive of the Bankhead-Brown Cotton Amendment that provides that cotton and other farm prices be raised to parity. On the other hand, the solicitor for the War Food Administration and the Department of Agriculture stated that support programs at higher than present levels cannot be carried out without considerable additional funds being made available by Congress. He pointed out that substantially all of the $3 billion borrowing power of the CCC has been committed as the result of its current loan, purchases, and other programs. Once having embarked on a program of high support levels, it is very difficult to reverse the trend, and we can see many difficulties lying ahead of the program if artificially high prices are going to be maintained rather than a reasonable price level compatible with decent American standards of living, so that the world can freely turn to us for supplies.

Milling demand remains light. Under the present subsidy system the major portion of the flour business seems to be placed just prior to the close of the month. Wheat reluctantly follows advances in rye. At the close wheat was 7/8¢ per bu higher.

After Bankhead's talk with James Byrnes regarding full parity prices for cotton, that market became strong, which led to short covering in rye. In looking over the visible supply of this cereal there are only three points reporting any appreciable stocks. One is Buffalo, which is in position to take care of the demand from the East, the second is Chicago, where stocks have been decreasing, and where a large proportion has been tightly held for some time by one interest, and the third is Minneapolis where prices are such as to prevent rye being worked to Chicago. At the moment the country movement is very slow, and with some demand for rye, stocks in Chicago are bound to decrease further.

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CHICAGO, 4 August 17, 1944.

Favorable progress is being made in all sections of the French fronts, with Paris now within gun sound of the Allied Armies. Should the fall of Paris occur in the near future, it would disrupt the entire German communications system South of the Seine. The end of the war on the Continent, which is undoubtedly much nearer at hand, could come with an out-and-out military victory or impaired morale conditions inside Germany. There are many skeptics who believe that the internal breakdown could be delayed for a long period by Hitler's power over the German people through the Gestapo, but with the pressure from the Allies on the West and Russia on the East, it is within the realm of reasoning that the German military leaders will find themselves in an untenable position, with Hitler on the one hand and the Allies on the other. In place of a "last ditch" resistance, which the Fuehrer has ordered, a state of military anarchy could be created causing the complete collapse of Germany.

When traders reached their offices today, they were greeted by the news that heavy beneficial showers had occurred the past twenty-four hours over nearly all sections of Illinois, Indiana, and Ohio, greatly relieving the extensive drought which had prevailed for many weeks. The rains were accompanied by a moderation in temperature, and the forecast indicates some further showers this afternoon east of the Mississippi, with cool temperatures for today and Friday. There was also general rainfall over the Southwest. It is too early to summarize the actual damage that was incurred through the extent of the drought. There can be no doubt that in the affected areas some deterioration had taken place from the government's report of August 1st, but the rains no doubt have stopped further deterioration and have repaired some of the damage in many sections.

According to the figures of the War Food Administration, receipts of feeder cattle in eight of the corn belt States was 64% larger in July than for the same month of 1943. However, since January 1st through June, receipts have run 23% less than a year ago, and it was only recently that the government released the figure that 41% less cattle were on feed than last year. All indications point to a radical reduction in the amount of wheat which will have to be utilized for feeding purposes this year.

Attention has been called recently to the fact that distillers and feeders were buying rye and that shipments were taking place from Chicago considerably larger than current receipts. One source estimates that distillers may have taken almost up to 2 millionbu rye. There is no doubt that the demand has been good during the whiskey holiday of the month of August. However, inthis connection one should not overlookthe fact that rye purchased for such purposes must be unloaded at the distilleriesno later than August 28th, and after that date the demand for rye may recede, as distillers may be out of the market except for the 10% which has to be used for alcohol. At the moment Canadian rye,making allowances for exchange differentials, is too high for importation to this country. Should the war end in the near future, however, their price for export will be lower than ours, and our neighbors to the North will do the business. Should the war continue for a more protracted period, if Canada would want to send rye into this country their prices would have to decline, or ours advance.

Primary receipts today totaled 2,873,000 bu compared with 2,580,000 bu last week, and 2,045,000 bu comparable day last year. Kansas City and Minneapolis stocks so far this week show a net increase of 966,000 bu.

There was a little more evidence of hedging in the wheat pit this morning, but flour business seems to be at a standstill, with no indication of it emerging from its near stagnation, although possibly some army orders may be expected in the near future. At the close both September and December wheat were 5/8¢ per bu higher.

Rye opened with a firm undertone, but when one local became rather aggressive on the selling side, prices gave way. The trade was of a very mixed character.

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CHICAGO, 4 August 18, 1944.

In testifying before a Senate Investigating Committee, Lt:Col. Ralph W. Olmstead, Deputy Director of WFA, Distribution Section, stated that he did not know what the WFA was going to do with the surplus eggs purchased under the government egg price-support program. He further informed the Committee that more than 5 million cases surplus eggs had been purchased under this support program, and that probably $100 to $150 million had been expended in different government egg projects.

More and more attention is being given by government farm officials to an anticipated reduction in the demand next year for American foods. Besides the normal surpluses there must be a rather large invisible supply among housewives, who have in the past stored substantial quantities of canned goods and other food products in anticipation of scarcities. Under our present law, the government is committe to support thirty-two farm commodity prices a t 90% of parity for two full calendar years after the termination of both the German and Japanese wars. When our legislators gave this guarantee to the farmers, little thought was given to the possible secondary consequences and the serious farm problems which will follow. This country was not built up to its present greatness through any policy of "scarcity." The allies are winning the war on account of the ability of the United States to produce vast and overwhelming supplies of everything needed not only for ourselves but for Russia, England, and our other allies. In the fifty years prior to the war, we raised the standard of living of the majority of our citizens through our ability to produce quantities of goods at popular prices. We have put automobiles, radios, and many other articles within reach of the masses rather than maintain them as luxury goods. It is through efficiency in operation that we have been able to lower our costs and still show a satisfactory profit for the producer. Certainly in this country we are still resourceful enough to apply the same principles to agriculture and through better seed, greater fertility of soil, modern farm equipment, to increase the production per acre, to lower the cost per unit, and to put our products within the reach of the world and to increase the demand for what we produce.

Yesterday, the Canadian Wheat Board announced that due to a scarcity of barley for feeding purposes in Eastern Canada, exports until further notice would be limited to the malting varieties. In looking over the records, Canada for the year 1942-43 had a carryover of 10 million bu, a crop of 259 million bu, or total supplies of 269 million bu. They exported mainly to the United States 34 million bu, carried over on August 1, 1943, 69 million bu, showing a total disappearance of 166 million. For the year 1943-44, with a crop of 215 million bu, they had total supplies of 284 million bu. With exports mainly to the United States of 32 million, and a carryover on August 1, 1944 of 45 million bu, the total disappearance was 207 million bu. Prior to 1942 the Canadian barley crop averaged for a ten-year period only 86 million bu per year. At the present time Searle Grain Company Limited estimates the crop for the three Prairie Provinces at around 201 million bu, to which will be added possibly 10 to 15 million bu for the eastern sections, making a total crop of only slightly larger than last year's disappearance.

Primary receipts amounted to 1,747,000 bu compared with 2,773,000 bu last week, and 1,859,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 1,180,000 bu.

The grain market was under more pressure today, and while it is reported that the Army has purchased some flour, it was not visible by the lifting of hedges. The July future, which represents next year's crop, seems to be steadily losing ground, and probably reflecting the post-war feeling. At the close September and December wheat were about 1/2¢ per bu lower.

The trade in rye and oats was again of a rather mixed nature. With favorable war news, traders who feel friendly, are rather hesitant to commit themselves to any extent, while on the other hand, the rather tight cash situation is preventing any material decline at the moment.

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CHICAGO, 4 August 21, 1944

With the rapid advances of the Allied Armies in France and the continual drive of the Russians on the Eastern front, eyes are now turned to the meeting of the Four Powers today at Washington to discuss post-war security. Sir Alexander Cadogan, British Representative, in his prepared statement remarked that events are moving fast and peace may come sooner than some expect. Discussions now taking place will undoubtedly affect the trend of history for the next one hundred years, and it is the fervent wish of everyone that the groundwork can be laid for permanent peace and security for the world. Some of the policies of the past twenty-five years may have to be reversed. The idea of economic nationalism has undoubtedly led to many of the ills of the world. A broad basis for international exchange of goods must be found and the markets of the world open to all countries. On the principles of Democracy rests real world security; it is regimentation and restrictions which lead to totalitarianism.

It is still too early to appraise the damage that may have occurred in the drought-stricken areas before relief was afforded. Speaking for Illinois, the Baldwin Elevator Company's weekly report feels that the corn crop in this State has been damaged more than most of the trade realizes, particularly in the west central and lower third sections, and that the main relief from moisture is in checking further deterioration. However, the Missouri Grain Feed and Millers' Association reports that Missouri has had very beneficial and timely rains the past thirty days, and the prospects are for the best corn crop in years. Light showers occurred over the week-end in portions of Iowa and the northwest section of Illinois, with moderate temperatures. Indications point to the fact that showers may extend into central and southern Illinois and Indiana tonight or Tuesday.

Conditions in the section of Southern France which the Allies are now invading are different from those in Normandy and Brittany. It is more or less a deficit food area, the main production being wine, fruits, and vegetables, with an insufficient production of bread grains sugar beets, and fats in peacetime to cover requirements. According to a reporter for the London Times, the new government of Italy will ultimately stand or fall on this summer's wheat crop, and the Allies have warned Italy that after this harvest she will have to depend on her own country for supplies.

In order to avoid any radical break in prices, the Senate Military Affairs Committee voted today to give the War Food Administrator Czar-like powers in disposing of post-war agricultural surpluses. The powers embody the WFA to have sole responsibility for formulating policies to dispose of agricultural surpluses, and further direct that programs be prepared in order to prevent excessive supplies from being dumped on the market in any disorderly manner which would cause disruption of market prices. The Administrator further is to be given power over the surplus property administrator. Undoubtedly, this would prevent any sharp breaks in the beginning, but we had the experience during the Hoover Farm Board when even surpluses held off the markets were in the show-windows and tended to have a depressing effect.

Primary wheat receipts were 3,244,000 bu compared with 3,344,000 bu last week, and 3,139,000 bu last year. Although the visible was not posted by the close of the market, Chicago stocks of wheat increased 215,000 bu, and now total 10,293,000 bu. Rye stocks here for the week decreased 289,000 bu, to a total of 10,928,000 bu, which is approximately 3 million bu off from the peak.

Cross-currents of news exist in all pits, and there seems to be hesitancy on part of outsiders to take any decisive stand in face of the continued favorable war news. To a large extent today, rye was a local affair. There is a drop-off in demand for cash rye, undoubtedly due to the fact that distillers are rapidly approaching the close of the whiskey holiday, but on the other hand, offerings from the country are still limited.

In oats, eastern demand is being met by importations of Canadian oats. There was another 125,000 bu cleared on the 18th destined for Buffalo. In Chicago the commercial demand seems to keep up with available new receipts, and the cash situation remains strong.

There was no particular feature in wheat, although there was some hedging from the Northwest; also some selling of Chicago versus purchases in Minneapolis. At the close wheat was unchanged to 5/8¢ per bu higher.

The visible supply of wheat showed an increase of 3,821,000 bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

August 22, 1944.

Any successful industry in studying its potential markets will analyze the demand for its goods and the price which will attract mass buying. We have steadily advanced the standard of living in this country by placing one-time luxury goods within the reach of the populace. This has called for efficiency of management, efficiency of operation, and the lowering of costs per unit of production. Unfortunately, prior to the war, the world indulged in different tactics as regards agriculture. The exporting countries resorted to different price raising schemes, while many importing countries in retaliation threw up barriers and attempted to become self-sufficient. The needs of the world will be large, but we must take full cognizance of the fact that financially the wheat deficiency countries will be poorer, both relatively and actually, than the exporting countries. Great Britain, which in the pre-war days accounted for approximately half the imports of wheat into Europe, will undoubtedly be a debtor nation instead of a creditor nation. Other countries on the Continent have suffered great losses and great privations. Should the producing nations continue to artificially stimulate prices, such as Senator Bankhead is now proposing for cotton, it will undoubtedly lead to great resentment on part of buyers and reprisals on part of those deficiency nations who may again attempt to become self-sustaining. Many of the difficulties which led to present hostilities will again be repeated. The quickest and most effectual way of again establising a balance between exporters and importers is an early resumption of free and open markets. In peacetimes the grain markets of the world furnished the requirements for easy and rapid communication between buyers and sellers, speedy and economical transport, absence of control of prices by a combination of either governments or others, and free competition with numerous buyers and sellers.

There was further very good moisture the last twenty-four hours in southern Illinois, Indiana, and up the Ohio River Valley, which is undoubtedly very helpful in stopping further deterioration. A recent report issued by the Northern Pacific Railroad Company stresses the fact that there had been some unfavorable grain weather during the first half of August in the Northwestern States, that rather widespread damage was done from hail and storms, and that they feel the crop is a little less promising than on August 1st, although not any substantial general write-down. They look for an average crop in Minnesota, the largest on record in North Dakota, and one of the largest in Montana.

According to the Dominion Bureau of Statistics, it is reported from Buenos Aires that part of the Southern Hemisphere encountered drought conditions during the month of July, although the south of Santa Fe and Entre Rios were more favored by moisture.

The war news continues very favorable; in fact, some military sources state that the backbone of the German resistance in France has been broken; consequently the average trader seems to prefer to take a more liquid position, so as to take advantage of any coming events. The wheatmarket was called upon to absorb quite a volume of selling, which might have been hedges against purchases of cash in the Northwest, or possibly in Canada. There was also a fair amount of spreading operations. There is very little change in the general wheat situation. In spite of the very large crop this season in this country, the government feed wheat program has tended to relieve quite a little of the pressure. At the close December wheat was 1/2¢ per bu lower, and May 5/8¢ lower.

Primary receipts today totaled 2,611,000 bu compared with 2,889,000 bu a week ago, and 2,272,000 same day last year. So far this week Kansas City and Minneapolis stocks show a net increase of 522,000 bu.

According to the Illinois and U. S. Departments of Agriculture, the number of cattle on feed for market in Illinois on August 1st was 34% smaller than a year ago. The official figures of the War Food Administration show that for the week ended August 19th, receipts of saleable cattle and calves at twelve public markets were 55,544 head against 38,430 a year ago, which all indicates less of a demand for feed grains the balance of the year than a year ago.

Rye seems to be more on debatable ground at the moment. Undoubtedly there are some additional shipments being made out of Chicago against old sales but we feel that the cash demand for rye in this market will subside considerably with the ending of the whiskey holiday.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 23, 1944.

Radio commentators this morning talked about the occupation of Paris, but so far there has been no official confirmation. However, in the present war strategy, with the by-passing of larger cities, Paris has no doubt lost a great deal of its strategic importance and now has more of a sentimental effect on morale.

The time is fast approaching when more and more attention will have to be given to the actual food requirements of Europe. In this connection, we were very much interested in an article which we saw recently on agricultural developments in Denmark since the outbreak of the war. With the total dislocation of export markets and the absence of overseas importations, there has been a total reduction in agricultural products, but in meeting war difficulties, the foremost aim has been the substituting of homegrown cereals for imports and the curtailing of livestock numbers. In other words, the normal feed grain output has been directed into channels of cereals for direct human consumption, and so far there has been no over-all caloric deficiency in the Danish diet. According to available figures, the total acreage in grain has not varied to any large extent. The wheat crop during the past few years has sufferedfrom adverse winter conditions, but the rye production is estimated 55% larger than pre-war days. There has also been a very appreciable increase in the acreage planted to potatoes. Practically all the wheat, rye, barley, plus a large portion of oats, have been diverted to human consumption. Naturally each country has its individual problems, and this may not represent a general pattern.

The government weekly crop bulletins indicate that east of the Mississippi, the outlook for the corn crop is slightly better than it was a week ago. Iowa State reports that their rainfall was adequate except in some districts in the central counties northeastward, but general progress of the crop is good to excellent. The Illinois report states that drought relief was general, and that the rain halted the firing of corn. The condition in the northwestern area is fairly good to very good, while elsewhere it is rated poor to good, although deterioration has been stopped through the drier areas. Nebraska reports corn in good to excellent condition. The Indiana report is not quite as favorable, and more general rains are needed. They estimate that the early corn has been damaged from 25 to 50%, but that the progress of the late corn is good.

Rye is again attracting a little more attention on account of the strength in September. There was considerable outright buying of this future today, also purchases of September rye against the sale of December. The general demand for feed grains during the present crop-year will undoubtedly be the determining factor on the final price of this cereal, as it has been through feeding channels that the usage of rye has been stepped up in the past several seasons. For six or seven years prior to the war, the amount consumed for food varied from 6 to 9 million bu, while during the war years this has been stepped up to almost 11 1/2 million. The amount for feed for the years 1936 through 1940 averaged about 15 1/2 million bu, while in 1943, 32 1/2 million bu was diverted for that purpose. The amount for seed has averaged around 8 to 9 million bu. For spirits and alcohol in 1934, 1935, and 1936, the average disappearance was approximately 11 1/2 million bu. In 1937, the disappearance was only 6 million bu, and has been decreasing under war conditions, dropping to only 2 million bu in 1942, and 4 1/2 million in 1943.

Primary receipts of wheat were 1,590,000 bu as compared with 1,781,000 bu last week, and 2,116,000 bu last year. So far this week Minneapolis and Kansas City stocks show a net increase of 658,000 bu.

There was again evidence in the wheat pit of selling orders which seemed to be in the nature of hedges. There was also a fair amount of changing orders, but otherwise activity was rather restricted. At the close December wheat was 1/8¢ per bu lower, and the May 1/2¢ lower.

While September rye did not hold its advance, it was relatively firm compared to other futures, and now selling seemed to be centered in the deferred months of May, and even July.

UHLMANN GRAIN CO.

[illegible] MARKET LETTER

[illegible]

Radio commentators this morning talked about the [illegible] but so far there has been no official confirmation [illegible] present war strategy, with the [illegible] of Japanese cities, [illegible] doubt that a great deal of the [illegible] importance [illegible] a substantial effect on [illegible].

This time last year [illegible]

[illegible], we were very much concerned [illegible]

[illegible] of overseas [illegible] producers, but [illegible]

[illegible]

[illegible] production is estimated [illegible] been a very considerable increase in [illegible] especially [illegible] wheat, [illegible].

[illegible]

[illegible] and look for [illegible] Lake States [illegible]

[illegible] policy [illegible]

[illegible] public [illegible]

[illegible] them in good.

One is always [illegible] a little [illegible] in September, [illegible] of September [illegible]. The [illegible] demand for feed grains [illegible] will undoubtedly be the [illegible] as it has been throughout [illegible] of corn [illegible] in the last several months. [illegible] At this [illegible] the amount [illegible] while during the war years [illegible] million. The amount [illegible] about 10 1/2 million bu. [illegible] for [illegible] purposes. The amount [illegible] to 8 million bu. [illegible] a disappearance [illegible] 11 1/2 million [illegible] disappearance was only 8 million [illegible] conditions, dropping to only 3 million [illegible] in 1945.

[illegible] of wheat were [illegible] and 2,[illegible] last year. [illegible] City [illegible] a net increase of [illegible] in the wheat [illegible] of bodies. There was also [illegible] activity [illegible] to be continued.

[illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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WINNIPEG GRAIN EXCHANGE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 24, 1944.

The stirring war developments of yesterday overshadowed all other overnight news in the market, and it was a foregone conclusion that the markets would open lower. The rapidity of action will undoubtedly have a decisive effect on the food situation in Europe. While we have no authentic information, it would seem from careful study of the situation that the capitulation of Rumania will deprive Germany of this year's harvest from that country, and supplies which might have found their way to feed the Germany Army will now be available for more normal channels. Furthermore the disintegration of parts of the Germany Army in France makes it impossible for the Nazis to follow any policy of scorched earth, such as had been pursued in the past on other battlefronts. The clue to the market was given by cotton prior to the opening of the grain exchanges. However, when later in the session an announcement was made from Washington that the Senate Banking Committee had approved the Bankhead Bill to increase the Commodity Credit Corporation cotton loan rate to 95% of parity that commodity recovered its loss.

The Secretary of Agriculture, in speaking before a Special House Committee on post-war economic policies, stated that post-war farm prosperity can be achieved only if accompanied by full industrial employment, supplemental food programs, and an expanding world trade. He further stated, "If we fall very far short of putting to use all that our farmers are able to turn out, the prospects for our agriculture, and, indeed, for our whole national economy, are dark." He further remarked, that there can be no serious question that the people in this and other countries will need all the farm products which can be produced. His statement cannot help but elicit the approval of the majority of students of economics. However, according to an article appearing in a recent issue of the Southwestern Miller, the Dominion Minister of Agriculture of Canada, at a recent meeting at Regina, stated that an announcement may be forthcoming shortly of a floor price for wheat, as the result of the conversations between the principal wheat exporting countries of the world. There is no detail given, and the Minister stated that it could not be announced at the present time. In trying to re-establish markets, it is one thing to discuss prices which the seller would like, and another thing to discuss prices which the buyer will pay. We again comment that the importing countries, as far as wheat is concerned, will be actually and relatively more impoverished than the exporting countries. We feel sure that those who will be responsible for our policy-making are fully cognizant of the fact and will be guided accordingly.

According to the Van Dusen Harrington Co. crop report, just issued, wide-spread precipitation in the Northwest during the past two weeks had interfered with harvesting and threshing operations. They feel that some loss inyields has resulted, but that production will be more in quality than in quantity. Weather has turned more favorable, and threshing has been resumed on a general scale.

At the moment flour business seems to be almost at a standstill. Uncertainties surround the future flour subsidy policy, which is being discussed in Washington, and until the atmosphere is clarified activity very likely will be retarded. Under the plan which has been in operation for some months, considerable flour business always was booked the latter part of the expiring month in anticipation of the new subsidy. Should the subsidy program be eliminated entirely, bookings may continue light for some time; however, should the subsidy remain in force for another 30 to 60 days there will undoubtedly be a pick-up in business between now and the first of the month. Therefore, the situation bears close watching.

The wheat market, as well as the other pits, after an early showing of weakness responded to the Senate Banking Committee's action on cotton loans, which was later passed by the Senate, although the more distant futures continue to lag. At the close September wheat was 3/4¢ per bu higher, and the July 1¢ lower.

Primary receipts today totaled 2,104,000 bu compared with 2,873,000 bu last week, and 2,012,000 bu last year. So far this week stocks at Kansas City and Minneapolis show an increase of 892,000 bu.

On the recovery September rye showed strength; yesterday the open interest in that future decreased slightly over 1/2 million bu, thereby appearing as though short covering is taking place.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 25, 1944.

Until final disposition is made of legislative action from Washington, uncertainties will surround the markets. While the proposed amendment to the pending Surplus Property Disposal Measure is mainly aimed at cotton prices, should the loan value be raised to 95%, agitation might arise from other quarters to raise the loan values likewise for other agricultural products, which in turn would have a detrimental effect on our entire system of open markets. A higher loan on wheat than exists at the present time, particularly in the post-war era, might force all supplies to be placed under loans, and thus prevent the flow into the usual channels of private trade.

Sanford Evans' crop report of August 23rd about confirms what other sources have been reporting from Canada: namely, that some damage to the crop occurred in the early part of August, although as a whole the prospects in the three Prairie Provinces have been well maintained. The same authority's report from the Southern Hemisphere is not quite as encouraging. Lack of rain in the Argentine during the month of July was unfavorable for seeding, and even where moisture occurred, it was not normal for requirements. From Australia he also reports that conditions have been below normal due to the lack of moisture over a widespread area. The crop is three to four weeks late, but generous rains during September and October could make up much of the deficiency.

While the news of the fall of Paris was a little premature, war developments continue extremely favorable to the United Nations, and there seems to be a reasonable expectation that the fighting on the Continent will terminate before winter sets in, with the possibility that it might happen much earlier. There can be no doubt that the German divisions in the West have been badly mutilated, with telling losses of armored and transport equipment. With the exit of Rumania from the German side, with other Balkan countries on the verge of quitting, and with the bombing of German properties, that country is rapidly losing her resources, and where-with-all to carry on any large-scale operations, and even the ability to defend her own border. The quality of the war news is keeping traders hesitant in taking any outright positions in the market, and tending to make those who might otherwise assume a constructive attitude conservative in their operations. It still seems to be difficult to come to any decision on the future policy as regards flour subsidies. According to a Washington press dispatch, conferences are taking place between the representatives of the milling industry and officials of the government agency, but up to the present moment apparently no agreements have been reached. There is dissention from some mill interests against the inequalities of the present subsidy, but as it will undoubtedly take some time to work out a program which will not run counterwise to the "hold-the-line" policy on bread prices, there seems to be a fair chance that the subsidy program will be continued for another two to four weeks, and if this is the case, there should be a pick-up in flour bookings between now and August 31st.

Primary receipts today totaled 1,898,000 bu as compared to 1,747,000 bu last week, and 1,950,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total increase of 1,120,000 bu. This is indicative of an increase in the visible of about the same as a year ago, when increase totaled 2,383,000 bu.

The trade in wheat was of a more general character, with commission houses active on both sides of the market, but the more distant futures remain under pressure. There was some evidence of mill buying. At the close September wheat was 1/8¢ per bu higher, while the December and May were 1/2¢ lower.

Rye also enjoyed a broader trade from both locals and commission houses. The May future was more in demand, and there was a fair quantity of December rye sold against purchases of May.

On August 22nd a cargo of Canadian oats cleared for South Chicago, which may possibly be available for September delivery; a cargo also cleared the same day for Buffalo, and one on the 23rd destined for Buffalo and another for Duluth. Arrivals of Canadian oats in the East seem to be sufficient to take care of the demand from the seaboard.

UHLMANN GRAIN CO.

[illegible]

141 W. JACKSON BLVD.

Until final disposition is made of legislative action [illegible] uncertainties will [illegible] amendment to the [illegible] [illegible] ly [illegible] cotton [illegible] value [illegible] [illegible]

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[illegible] sources have been reporting from [illegible] to the crop occurred in the early [illegible] the prospects in the three Prairie [illegible] [illegible]. The [illegible] not quite as encouraging. Lack of rain [illegible] month of July was unfavorable for [illegible] and even [illegible]

[illegible] over a widespread area. [illegible] rains during [illegible] could [illegible]

While the [illegible] of the [illegible] developments continue extremely [illegible]

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[illegible] in the market, [illegible] a considerable conservative [illegible]

[illegible] policy as [illegible] Accordingly [illegible] [illegible] conferences are [illegible] place [illegible]

[illegible] liquidation of the [illegible] [illegible] some time we work out a [illegible] will not [illegible] the "hold-the-line" policy on [illegible] prices, [illegible]

[illegible] to four weeks, and if this is the case, there should be [illegible] [illegible] holdings between now and August [illegible].

[illegible] receipts [illegible] [illegible],000 bu as compared [illegible] [illegible],000 bu last week, and 1,[illegible] last year. [illegible] at Kansas City and Minneapolis [illegible] total [illegible] [illegible],000 bu. This is indicative of an increase in the [illegible] the same as a year ago, when [illegible]

[illegible] in which [illegible] of a [illegible] [illegible] Kansas active on both sides of the market, [illegible] futures [illegible]

[illegible] was [illegible] were 1/4¢ lower.

[illegible] a broader trade from both locals and [illegible] [illegible] futures was more in demand, [illegible] [illegible] rye held [illegible] purchases of [illegible].

[illegible] cargo of [illegible] was placed [illegible] [illegible] available for [illegible] delivery; [illegible]

[illegible] arrivals of [illegible] take care of the demand

[illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
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NEW YORK COFFEE AND SUGAR EX.
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 28, 1944.

Conditions surrounding the grain markets have never been more uncertain. While everyone is convinced that peace in Europe is only a question of weeks, or possibly months, the repercussions following hostilities on such a gigantic scale are, of course, difficult to comprehend in advance. Just as we were unprepared for war in 1941, so we may not be completely adjusted for the peace that is soon to come. Unemployment problems will confront us, and while these may be tempered somewhat by the government in demobilizing only a certain number of men a month, there can be no doubt that this will become one of our great worries. Furthermore, our national income is bound to decline, although it will be partly sustained by continued high farm income, and the government has in mind that for two years following the end of the wars in Europe and in the Pacific parity levels should be maintained. To do this, it is figured that anywhere from $2 billion to $6 billion will be required, and apparently confident of the outcome, the Senate passed the Bankhead amendment providing 95% of parity loans on cotton. However, support buying has never finally succeeded on past occasions, and with our people anxious for lower taxes, they may become more conscious of the spending, particularly if surplus goods have to be sold abroad on credit or if given away for relief purposes. The limit to our good intentions will after all be curbed somewhat by the ability of the debtor to pay. Our hearts bleed for a country like China, where the people have fought so valiantly for about seven years. However, a country of 450 million inhabitants where the annual income of 80 million Chinese families is estimated at $100 per family, and the total national income is calculated to be somewhat between $10 and $12 billion, will probably never repay any extravagant gifts that might be made to them. Many of the subjugated countries of Europe will be in dire straights, and it may take years before their status is much improved. Furthermore, if we wish to carry on international trade, which presently seems to be our aim, we cannot do it by holding up prices artificially high at wartime levels, at least not for any extended period.

There was very little grain news overnight except that good moisture was reported in the corn belt, and this is healthy for the late crop. Undoubtedly some permanent damage has been sustained, which in the long run will mean a smaller yield, and thus all feed grains, including wheat will be affected. Next month's estimate will be scanned with particular interest.

The CCC issued its first figures on wheat loans; 38 million bu has thus far been impounded compared with nearly 37 million bu a year earlier. This, together with purchases at terminal markets, is causing strength in September, while the deferred months are under some pressure, particularly by those who believe that it will be difficult to maintain prices when the war is over.

Production of foodstuffs, while somewhat less than last year, will probably be 20% greater than prewar, but whether disposition is made hurriedly or in an orderly fashion will naturally have an important bearing on the general price level.

Primary receipts of wheat of 2,694,000 bu were practically the same as last year, but somewhat less than last week. The visible supply was late in being posted, but Chicago wheat stocks decreased 691,000 bu, leaving 9,602,000 bu here. The wheat which has been stored here for some time for feeding purposes is gradually moving out, but in spite of this fact, September wheat was a little weaker relatively than the distant months. At the last wheat values were unchanged to 5/8¢ per bu higher.

Chicago stocks of rye decreased 443,000 bu during the week, and this remains the cheapest market. Oats were inclined to be weak at times, and the September has been under pressure during the past few sessions, with the result that it has lost some of its premium over the deferred deliveries.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 29, 1944.

There was very little grain news overnight except further moisture was reported in the Ohio River Valley, and while this will doubtless be beneficial for the late corn crop, we do not believe that the trade is paying much attention to weather at this time, but rather political influences are being scanned with care, and much will depend upon governmental policies in the post-war period. Mr. Bowles, Price Administrator, offered an eleven point program last night, saying that we could not go back even to the 1940 levels, which would mean more than a 30% cut in the presentlevel of production, and a shocking figure of 20 million unemployed. His economic program visualizes governmental politicies which will keep our price levels relatively stable. Of course, everyone is in sympathy with such a plan. We cannot refrain from remarking that an ideal market in any commodity could be established if exactly 1/52 part were marketed each week and consumed each week, and if the quality and quantity were always the same, the quantity merely increasing slowly or gradually to keep pace with increased population, and if the price remained the same, and if every buyer of wheat and flour and bread paid cash. If such an ideal situation existed, there would be no credit problem, no storage problem, no grading problem, and most significant of all, no price problem.

However, in contrast to this situation, we must recognize that a commodity like wheat is harvested in some part of the world during practically every month of the year. There is no power successful enough to control production, even though there have been attempts in various countries to regulate acreage, and since even the demand is not constant, but varies considerably according to the price, there are bound to be great difficulties in bringing about such stabilization. A country like China buys wheat from us when the price is low, or when the rice crop is poor, but at other times her purchases are negligible. We are impressed with the fact that supply and demand have on the whole done a better job of stabilization than almost any other program. Take, for instance, the period just prior to World War 1, when the peoples of the earth who ate the wheaten loaf and who prayed for their daily bread actually needed about 3 1/2 billion bu of wheat per year. Oddly enough, this was the size of the crop actually produced in 1914. True, there were periods when reserve stocks were a little bit too large and prices suffered, but this was corrected by acreages being reduced or neglected, and really there were few periods of real scarcity in which actual starvation had taken place.

The real problems of overproduction occurred mainly when the various artificial factors were introduced, and we have in mind high tariff barriers in various European countries, foreign exchange fluctuations, quotas, as well as native grain being largely admixed in flour. Of course, the surplus countries also had a hand in answering the cries for farm relief, and the Canadian Pool gave encouragement to farmers, which stimulated acreage expansion, and this also occurred in other surplus countries in one form or another. The results have been painful, but we are afraid that no artificial system can be enduring.

Primary receipts were somewhat smaller, and amounted to 1,685,000 bu; this compared with 2,611,000 bu last week, and 2,577,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 538,000 bu. It looks as though we shall have a small increase in the visible supply next Monday --possibly the same as this week's increase which was about 1 1/4 million bu.

Trade in wheat was not particularly active, and while there was no pressure, there was likewise little buying incentive, as the rains and the war news dulled bullish enthusiasm.

In rye, there was early buying in September, but when this was completed commission house selling drove the market lower, and volume of trade increased.

There was also some selling of oats, and one of the leading elevator concerns seemed to be hedging, but in addition to this another Canadian cargo was reported at Buffalo; this factor influenced sentiment to some extent.

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CHICAGO MERCANTILE EX.

August 30, 1944.

There was not a great deal of grain news overnight. Parity prices for August were unchanged from July 15th, and it is hardly likely that there will be any important variations until we come into the post-war period. Then, of course, a generally lower price level would have its effect upon the various commodities under the parity concept. There has been some wonderful moisture overnight in the Southwest, and this was particularly favorable in the Texas Panhandle, which was drier than other sections. It now looks as though fall work could progress normally, and we expect that a large acreage will be planted to wheat. The weather is not having very much influence at this time. Good weather, like good health, is very often negative and not appreciated. However, if the reverse had taken place and we were still experiencing a drought, the situation would be quite critical. Therefore, one can only assume an optimistic attitude, although it may take months yet before this is fully appreciated.

In the meantime, the war news remains extremely favorable. There was a report from Stockholm that Field Marshal Goering had been under surveillance of the Gestapo, and while he is not actually imprisoned, at least, if correct, it shows that internal conditions in the Reich must be getting very bad. In fact, General Dittmar practically prepared the German people for defeat when over a radio broadcast yesterday, he admitted that the fighting could only continue in order to get better peace terms for the Germans.

When our markets opened this morning, wheat prices were relatively firm, and there had been some flour business overnight, with the result that hedges were covered in the pit. Rye and oats, however, tended lower, and it seems that the fine moisture is improving pastures, and thus the feeding demand is lessening. There were reports of two more Canadian cargoes of oats headed for this country. These ships cleared from Fort William and Port Arthur --one containing 145,000 bu is destined for South Chicago, while the Steamer Harry Yates, containing 180,000 bu , will go to Buffalo. This had a somewhat bearish influence on the nearby month, and there was some selling with the result that all futures went to new low ground for the season.

The weekly weather comment from Washington was somewhat mixed. They admitted that the rains had done considerable good, and it seems that the late corn benefited the most, but there is undoubtedly irreparable damage in certain sections, and we presume that when the next government forecast is made, it will show a figure smaller than for August. On the other hand, with the less urgent demand for feeds, little attention is being paid to deterioration, and possibly the news has already been discounted in the market. At Kansas City they started trading in corn futures. The ceiling for all months is to be $1.15 per bu. The December delivery sold 6¢ below this figure, and this is quite encouraging, as it indicates that there will be a freer movement in ordinary channels of trade. Should the war end soon corn may come into an entirely different peace-time category, and sell considerably lower than at present.

Primary receipts of wheat amounted to 2,322,000 bu; this compared with 1,590,000 bu last week, and 2,245,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 539,000 bu.

There was probably a larger fluctuation in wheat than in many sessions. The leading cereal could not entirely throw off the weakness in the surrounding pits. Rye was being liquidated, and the nearby position at one time sold within 1/2¢ per bu of the price of the December future. The chances are that there will be deliveries on September contracts, and since distillers have apparently withdrawn from the market, the cash demand has slowed up considerably. In fact, we understand that offerings from this market were made, but the responses were few and far between. Of course, with the many artificial factors there is always some buying on breaks. Wheat continues to be supported through government purchases, and then too the loans are bound to tie up large quantities. At the last price of wheat showed declines of 1 1/8 to 2¢ per bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August31, 1944.

There was some very good moisture overnight in the Central States, and, of course, this is all beneficial for the late-planted corn, but as we have previously stated, the trade is paying very little attention to weather comments at the moment, and practically all eyes are directed toward Washington legislation and the possible repercussions during the post-war period. It was reported overnight that WPB was expected to keep mandatory a regulation requiring distillers to grind 10% rye for the alcohol program. The present regulation would expire September 30th, and continuation of usage for this purpose caused some short-covering at the opening today, despite the fact that the whiskey holiday ends tonight. It is figured that with a crop of only 27 million bu, the adjustment between supply and demand will be reasonably close, unless we import larger quantities later on from Canada. It is also possible that another whiskey holiday may be granted later on, but by the same token in looking ahead, we figure that when the war with Germany is over, the alcohol requirements for commercial use will be greatly reduced, particularly since the government has fairly large supplies already on hand. In the post-war period, one must count on competition from Argentina, where prices are far beneath our level, and also, the somewhat cheaper offerings from Canada. Furthermore, taking the discount of Canadian funds, Manitoba wheat, taken pound for pound, is probably just as cheap as our rye,and, therefore, we do not figure on any unusual demand after hostilities have ended unless ours is given away for relief purposes.

Less attention was paid to the fact that corn futures at Kansas City were selling at quite a discount under ceiling prices. The fact of the matter is that pastures in the north central states have been considerably improved during the past week due to rainfall, and while the Ohio River Valley has had relief from the drought, it is claimed that the moisture was too late for full recovery of corn, but yet pastures are important and are now doing well. Therefore, the feeding demand is less urgent, and this is one of the important factors right now, as many people have in mind that the consumption of wheat last year would have been much more moderate had it not been for the extensive feeding program, and even a bumper crop of corn was consumed, owing to the fact that our hog population has been so largely increased. But now with the trend in the opposite direction and the end of the war in sight, there is quite a different sentiment with respect to feed grains. At the present time, the movement of corn in our territory is still somewhat restricted, and the carryover from last year has been very heavily reduced, but in another few months, supplies from the new crop will be available, and we believe the psychology of buyers will be important, particularly if there is not the eagerness to take on big reserves at the beginning of the crop-year.

Primary receipts of wheat amounted to 1,997,000 bu; this compared with 2,104,000 bu last week, and 1,846,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 552,000 bu.

There was firmness in most pits. Wheat was fairly strong in sympathy with rye, but there also had been fairly good milling demand overnight, and this meant that further hedges were removed. As far as we could learn, there were no tenders of wheat on delivery; in fact, this was the case with other cereals thus far, with the exception of rye where it looks as though about one-half million bu were being delivered, and it remains to be seen whether the same parties who had accepted same on previous periods will again be eager to get hold of cash. At the last wheat prices showed an advance of 3/8 to 1¢ per bu. Oats were somewhat indifferent, despite strength elsewhere, and there seemed to be some selling of September oats from the Northwest, probably by cash houses.

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CHICAGO, 4 September 1, 1944

It was just five years ago today that the German Army crossed the Polish border, which was the forerunner of a vast troup movement about to involve the whole European Continent in war. The Hitler Armies, fully equipped and prepared, originating "blitz" operations over an inferior foe, are now becoming acquainted with "super-blitz," as they are being driven out of France. General Otto Richter, a captured Nazi general, admitted that the 19th Army was trying to extricate itself by any means possible, and also stated that artillery personnel in the Nimes area had been ordered to return to Germany by their own resources.

Strangely enough, the war news is not having much of an influence upon grain prices at the moment, as many are of the opinion that artificial forces will control price levels even in the post-war period. We think it timely, however, to review statistical data, which, in the months ahead, is bound to become more important. The latest official estimate places wheat production in the United States at 1,132 million bu, a record crop. The carryover of old wheat is 316 million bu, so that, despite the reduction in reserves, total supplies are 1,448 million, or almost as much as we had a year ago, when the amount was 1,454 million bu. Coming now to Canada, we shall have to wait twelve days for the first official estimate, but there have been several private ones recently published, indicating a crop for all of Canada of 450 million bu. If this is added to the carryover from previous years of 355 million bu, it would also give the Dominion nearly as much wheat as was available during the 1943-44 crop-year. Canada has done remarkably well in disposing of wheat. It is significant that about 533 million bu disappeared in the past twelve months. Exports alone accounted for about 344 million bu, but this was only possible owing to the fact that 160 million bu was taken by the United States, mainly for the feeding program. However, a continuance of exports in the new season, even at the same rate, would leave a carryover next August of 275 million bu, which would be more than ample.

With respect to the Southern Hemisphere countries, Argentina is still largely dependent on Brazil and Spain for the reduction of her wheat surplus, and is, therefore, holding heavy stocks. However, end of the war would change this picture. Her new crop prospects are quite bright and the supply position is likely to remain topheavy during the coming year, since less wheat is likely to be diverted to fuel use, and the government is offering a bonus to farmers who store their wheat on the farms, indicating that a storage problem is at hand. Strangely enough, when the Argentine government took over all the warehouses, there was an appreciable increase in storage rates, particularly for short periods. The rate for the first thirty days is 11 centavos per 220 lbs, which is well in excess of the rate formerly charged by private enterprise. In Australia, the wheat carryover was recently estimated by Broomhall to be only 17 million quarters. However, he has now raised this to nearly 19 million quarters, or about 150 million bu. As an offset, Australia's new crop prospects are not very promising, and the drought which has existed there for some time is a serious threat, but when harvesting operations start in November and December, we feel that total supplies will be quite large in spite of this fact, although recent exports from that country have been somewhat heavier.

Primary receipts of wheat amounted to 2,448,000 bu compared with 1,898,000 bu last week and 1,400,000 bu last year. Kansas City and Minneapolis stocks so far this week increased 685,000 bu.

Prices in all pits were firm at the start. It was figured that rye deliveries had gone into strong hands, but later it was intimated that WFA was asking for only a 10% admixture of rye in the alcohol program until the end of the calendar year, and was lifting the prohibition on the use of grain sorghums, so that 30% could be admixed. This caused a little bearish feeling, with May barley breaking the permissible limit of 5¢, and all futures of oats went into new low ground. Wheat sympathized to some extent and was also influenced by the very favorable Santa Fe report, which claimed that Kansas would have the largest corn crop since 1932 and the biggest sorghum crop of record. Moisture conditions suggest an increased acreage for wheat. Final prices showed declines of 1/2 to 1 3/8¢ per bu.

Rye was relatively the firmest cereal but reacted considerably from the early bulge, and with the fine war news, nobody seems to be overly active on the constructive side of the market.

UHLMANN GRAIN CO.

It was just five years ago today that the German [illegible] Polish border, which was the forerunner of a war [illegible] to involve the whole European continent in war. The [illegible] fully equipped and prepared, originating "blitz" [illegible]

general, admitted that the [illegible] by any means [illegible], and also [illegible] that [illegible] Mines area had been ordered to return [illegible]

Strangely enough, the war news is not having much of an [illegible] [illegible] forces will control price levels even in the postwar period [illegible] think it timely, however, to review statistical [illegible] is bound to become more important. [illegible] ado, a record crop. The carryover [illegible] that, despite the reduction in reserves, total supplies [illegible] million bu. Coming now to Canada, we shall have to wait [illegible] for the first official estimate, but trade [illegible] have been several [illegible] million bu. If this is added to the carryover from previous [illegible] 565 million bu., it would also give [illegible] was available during the 1943-44 crop year. Canada has done very well in disposing of wheat. It is [illegible] be disappointed in the past twelve months [illegible] about 324 million bu., and [illegible] 350 million bu. was taken by the United States [illegible] region, however, a continuance of exports in the [illegible] season, [illegible] which would be more than [illegible]

With respect to the Southern Hemisphere countries, Argentina is [illegible] ing, and is, therefore, [illegible] year, since less wheat is likely to be diverted to [illegible] use, the government is offering [illegible] when the Argentine government [illegible] as an [illegible] The [illegible] which is well in excess of [illegible] In addition, the [illegible] to be only 17 million [illegible] this to nearly 80 million [illegible] Australia's new crop [illegible] drought which has existed [illegible]

that total supplies will be [illegible] recent exports from that country [illegible] visible supply of wheat [illegible] last week and 1,400,000 bu last year. [illegible] stocks so far this year [illegible] prices in all [illegible]

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CHICAGO, 4 September 5, 1944.

Most people believe that the European phase of the war will be over within 6 to 8 weeks, and some are even more optimistic, but in any event the rationing of many foods will be greatly curtailed if not stopped, before the end of the year in the judgment of those who are well posted. The over-all supply situation is good, and while there may be some rationing of scarce articles, such as butter and other manufactured dairy products, canned fruit, canned vegetables, lamb, etc., in order to assure equitable distribution to all, we may still look forward to getting more fats and oils, which continue relatively plentiful, in the months ahead, Even before the end of thewar civilians are finding a relatively large supply of lower grades of beef, veal, and mutton. Pork supplies are down seasonally but will increase somewhat during the last quarter of 1944. Egg supplies, particularly grades of "B" and "C" continue plentiful, while marketings of chickens will be seasonally large for the next few months. Fortunately this year's crop of deciduous fruits will be about 20% larger than last year's short crop, and later on, we shall have a harvest of citrus fruits, so that together with the largest wheat crop in our history, as well as satisfactory crops of rye and rice, there seems nothing to worry about. Moreover, as European countries are being liberated, food supplies also are being released, and in some of our discussions with those who have had a hand in these affairs, we are told that the shortage was never as bad as had been anticipated. We doubt very much whether the potential demand will necessitate the overseas shipments to the extent that some had considered likely. In any event it may be only a year or two before European production returns more or less to a normal status, and we doubt whether we shall have the lag of many years, such as was the case after World War 1, before agriculture fully recovered in Europe.

With this situation it is only proper that many are hesitant on the constructive side of grains, with the war news so overwhelmingly favorable. Of course, there will be different support programs even after hostilities have ended, but it will not be quite so easy to use taxpayers' money for this, as there will be demands to cut this type of spending, particularly since most grains are selling at wartime levels, and even farmers do not hope for this to continue during the post-war era if large crops are raised, any more than the businessmen believe that the national income of $158 billion (as now estimated by the Commerce Department) can be maintained. During the past week, harvesting and threshing of winter wheat advanced under mostly favorably conditions in the Pacific Northwest and the middle Rocky Mountain region, with the work nearing completion in the corn belt, between the Mississippi River and the Appalachians. Many of the drought areas have had relief, and according to the government weekly report, the outlook is materially improved, especially for late corn, although in the drier sections considerable damage had been done by previous dryness, and one cannot expect a full recovery. We shall soon have the estimate of the experts and later on a government forecast, and it seems likely that the size of the corn crop should be somewhere between 2,750 and 2,800 million bu. A little is already safe from frost in the northwestern plains; in Iowa, the earliest corn is well dented, but there is considerably late growth in the State, which can make grain only with favorable weather during the remainder of this month.

Wheat loans have been published, indicating 47 million bu impounded on this crop. On the same date last year 37 million bu had been tied up under CCC loans.

Primary wheat receipts were 3,248,000 bu for two days; this was slightly smaller than last year. When the visible supply was posted there was an increase of 3,724,000 bu --a little more than expected. Total stocks are 166 3/4 million bu, which is only 19 million bu less than last year. The visible in rye showed a very small decrease; Chicago stocks decreased only 25,000 bu, showing that the cash demand has lessened. There is still 10 1/2 million bu here in Chicago.

The carryover feeling in all pits was bearish. Rye led the decline most of the day, but barley and oats were also quite weak. There seemed to be very little new investment buying, although short covering was encountered from time to time. Last wheat prices showed declines of 1/2 to 1 1/2¢ per bu. The September future was relatively firm. With few exceptions practically all grain futures went to new lows for the season....

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CHICAGO, 4 Sept. 6, 1944.

We are asked the question almost daily, "Why do July wheat and July rye sell at such big discounts under the other futures?" We presume the answer is to be found in the fact that many people are of the opinion that it may be possible to control prices pretty well for the balance of this season, but after that it is questionable whether wartime price levels can be maintained in peacetime.

Dr. Joseph S.Davis, Director of Food Research at Stanford University, who has served on numerous economic staffs, besides being connected with war agencies in London during the first World War, spoke recently in Canada. We quote herewith excerpts from his address: "We have politically engineered a farm prosperity boom of extraordinary magnitude. I see not the slightest possibility of avoiding a radical deflation of this boom. *** Wheat is extremely overpriced in the United States; current American quotations utterly fail to reflect the economic facts of the wheat position, domestic or international. They are political prices, not economic prices. They reflect the politics of wheat backed by legislation and public funds. *** It is conceivable but I think improbable, that our post-war price guarantees will prevent price declines already overdue. If they do, for a time, the collapse will be the more drastic when it comes; more probably they will cushion the declines but not prevent them. *** In my judgment we have been on the wrong track in one vital respect, particularly in our country. We have focused our attention on prices of farm products, and tried to raise farm prices to levels politically declared fair, damning the economic consequences. This inevitably leads to government trading, which in our country is far less efficient than private trading; to drains on the federal treasury; and to international complications. In peacetime, the most effective way of disposing of surpluses is to let prices alone, stimulating flows into export and into multiple domestic uses. If price supports are included at all in a peacetime program, they should be at distinctly low levels, designed to safeguard against real disaster, not at levels either we or politicians may think fair or reasonable." Dr. Davis also said, "You may be startled by some of my words. *** My views are widely shared by American agricultural economists, though by no means all who hold them would state them with equal bluntness."

The government weekly weather and crop report was quite encouraging. It stated that the corn situation in its over-all aspects was not materially different from last year, and some localities had approached the nearly ideal situation of 1942. In general most corn needs two to three weeks of warm, sunshiny weather to mature, and in many ways this condition parallels the crop of last year and the one a year earlier.This was also confirmed by one of the private crop experts, who estimated a yield of 2,886 million bu, which is not much of a reduction from the August official estimate, considering the adverse weather which was experienced for several weeks. However, the late corn seems to be showing a good response to the now ample soil moisture, and progress during the week has been generally good. Not too much attention was paid to this news, as there was moderate short covering in all pits, and after several days of successive declines, sentiment was less bearish.

Primary receipts of wheat amounted to 2,519,000 bu compared with 2,322,000 bu last week, and 2,352,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 153,000.

There was some hesitancy for a time; in fact, short covering looked as though local traders were playing for a rally, but intrinsically all markets seemed to be weak, and we believe that there is probably a greater percentage of grain unhedged than in normal times. This may be due to the fact that the government has announced a policy of supporting price levels, and continuing the program in force for two years after the end of hostilities. However, there must have been some new hedges coming into the wheat market to protect positions. This gave us very much lower prices with values at the last being 1 1/4 to 5¢ per bu off from yesterday.

Rye and oats were also liquidated. New lows for the season were established, and at one time prices in rye were down nearly the full permissible trading limit. The September future is now 37 1/2¢ per bu off from the season's high, and those who have been carrying cash grain and paying carrying charges may become discouraged unless there is some improvement in the actual demand.

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CHICAGO, 4 Sept. 7, 1944.

Next Monday, the government report will be published, and there may be a slight decrease inthe spring wheat forecast, although nothing important is indicated. On basis of the figures now on hand, total supplies will be about 1,447 million bu, which would be second only to the 1,606 million bu in 1942-43, and 1,458 million bu in 1943-44. It would also be considerably larger than the average of the ten years prior to the war, which is officially given at 973 million bu. The crop itself, which on August 1st was thought to be 1,132 million bu, would be the largest in our history, and even the carryover last July of 315 million bu compares very favorably with the ten-year pre-war period, when reserve stocks averaged only about 235 million bu. Looking at the picture also from an international point of view, we find that the combined stocks in Canada, Argentina, Australia, and the United States on July 1, 1944, were about 1,170 million bu, which compares with only 457 million bu in the period 1935-39, prior to the outbreak of the European war. Of the total stocks about 700 million bu may be considered available for export during 1944-45, but very likely only a small portion of this surplus may be needed. The situation is quite different from that following the post-war era of World War 1, and we may now conclude that starting with relatively large wheat supplies in the exporting countries, prices here would be considerably lower, except for price support and the government program, which is to be enforced for two years after hostilities have ended.

Possibly of equal interest is our potential feeding demand, as this was the factor responsible for reducing our surplus so largely in the crop-year just ended. Never before in history did we use about as much wheat for animal feeding as for human consumption. However, in the year ahead we see a vast change owing to the fact that the number of animals has been greatly reduced, and while the prospective supply of feed grains on August 1st, including the carryover, is estimated to be about 6% smaller than a year ago, it is also true that we shall have a decrease of some 13 to 15% in the grain consuming animals on farms, next January. Reducing this to more exact terms, it means that the supply per animal unit for 1944-45 would be about 9% larger than a year earlier and only about 5% smaller than the average for 1938-42, during which time reserves of feed grains were being accumulated. In other words, we have the situation under control now, and instead of actually consuming more corn than was raised, we believe that we shall be able to exist very well within the limits of production. The corn supply, taking into account the carryover indicated by August 1st figures, calls for about 3,200 million bu, which is only 7% smaller than in 1943-44. In addition to this, we must consider hay supplies, which are about 5% smaller than a year earlier, although the quantities are slightly larger than the average for 1938-42.

Primary receipts of wheat amounted to 1,620,000 bu compared with 1,997,000 bu last week, and 1,845,000 bu last year. Minneapolis stocks so far this week show an increase of 400,000 bu.

There was some weakness in wheat at times, particularly when further liquidating orders came into the oat and rye pits, but generally speaking, the undertone was much better, and it seems that in most cash wheat markets very little attention has been paid to the recent decline in futures, owing to government support. This makes for a rather peculiar situation, even though prices may be held artificially high. Under the circumstances, however, we believe that caution is required, particularly on weakness, regardless of the optimistic war news and the fact that the big drive against Germany is soon to start. Also, believe that oats in the 50's are debatable, particularly with hog prices being maintained at a relatively high level.

As for rye, nobody can be sure how far the pendulum will swing. Prices were unquestionably too high at the peak, and should some of the discouraged owners decide to even-up commitments, this cereal appears to us to be in the weakest position.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 8, 1944.

The matter of a German collapse is merely a question of time. The German Generals are apparently cognizant of their doom, but undoubtedly the fighting continues in an effort to postpone the final humiliation. The Russians, according to reports, are fearing mostly that the war may end before their own troops get into Germany, and it is their aim to seek revenge on German soil in order to teach their enemy what destruction during modern warfare really means. They want to smash the Wehrmacht, so that the Germans themselves can see it smashed.

Under these conditions grain markets have been reasonably weak for the past few weeks, and wheat futures have reflected the bearishness based on the extraordinarily fast gains of the allied forces, confident that each day was bringing peace nearer. However, cash wheat wherever storage space has been available was in good demand, owing to the government support program, and for that reason there was a disparity between cash wheat prices and futures, such as we have not witnessed in a long while. Likewise, the nearby positions have remained relatively firm, while the pressure came into the deferred months, going as far ahead as the new-crop deliveries. Not only at Chicago, but likewise at Minneapolis and Kansas City, the December wheat futures were selling at good discounts under September, but in our opinion there will be no relief from the tightness in cash wheat unless the government changes its policy, and certainly there is nothing in the immediate future to indicate a move of that kind. As a matter of fact, once these government policies have been instituted, even a change of administration might find it difficult to temper the benefits which have been accorded agricultural interests.

In the speech which Governor Dewey made last night at Philadelphia, he said, "Of course, we need price support for agriculture. Of course, the farmers of this country cannot be left to the hazards of a world price while they buy their goods on an American price." The trade construed this to mean that most thinking at the present time was along the same track as that of our Congress: namely, that we would attempt to cushion prices in the post-war era in order to save farmers from the embarrassment which occurred after World War 1. However, if surplus crops are raised, it is rather difficult to visualize how these matters may finally be decided unless we can figure out a way of consuming larger quantities at home, or else getting our wheat more into exporting channels. During the past year tremendous quantities of wheat were fed to animals, and very likely more than normal quantities will again be used for the same purposes, but already we are finding a noticeable decline in the demand for feed wheat. In the Southwest, two fairly large dealers told us that they did not use any of their September allocations due to the cheapness of other commodities, especially barley. It is quite likely that in the years ahead we shall use a better proportion of wheat in feed formulae than before the war, owing to the fact that farmers have recognized that wheat is a very suitable substitute, but yet it would be difficult to expect that with fewer animals and ample crops of corn, barley, and oats, those farmers who have the feed grains on hand would not use them in preference to buying wheat from other territories. Thus we must prepare ourselves for this readjustment.

Late yesterday Canada reduced the tax on exports of oats by about 6¢ per bu. This should permit a little more trade between that country and ourselves, and the immediate effect was to depress oat prices here, although actually the change was not intended to do anything except bring the two countries more into trading harmony due to the fact that there had been some disparity heretofore. Canadian oats were offered CIF Chicago at 61 1/2¢ for 40-pound #3 whites, duty paid. However, late in the session when wheat prices ruled firm both oats and rye recovered from early weakness.

The wheat market continues rather artificial, and as we have mentioned often in these letters, the government support, as well as the amount of wheat going into the loan, is an important factor at this time. Final prices showed advances of about 1/4¢ per bu.

In rye, there seemed to be a widening of the carrying charge, due to the fact that deliveries on September contracts are going around, and nobody is particularly anxious to carry cash rye. The spread between December and May widened to 1¢, while a few days ago the two months were selling at the same figures.

Increase in wheat stocks indicates a moderately larger visible Monday as compared with a decrease a year ago of 2,188,000 bu.

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CHICAGO, 4 Sept. 11, 1944.

Farm income in this country is highly satisfactory, and there have been unusually heavy marketings of meat animals, which have been largely responsible for the increased revenue over a year ago. This has occurred in nearly all States during the first half of 1944, but income was also high from wheat in the West, cotton in the South, and potatoes in Idaho and Maine. During the past week, grain prices probably slumped more than the average person was cognizant of. There was never a very drastic break in any one session, but during a relatively short period, wheat broke over 11¢ per bu from the high point of the previous week for one of the futures; rye broke 13 1/2 to 16¢, and even oats, which generally fluctuate to a much lesser degree, declined from 10 3/4 to 13 3/4¢. So technical reactions, if nothing else, were probably due, and others must have felt the same way about it, as our market opened rather firm and an improved sentiment was quite noticeable. It is true that imports of oats which have taken place will probably continue, and while last year wheat was the cereal which Canada exported so largely to this country, shipping probably 160 million bu or more to help out in our feeding program, we may find that oats will be one of the chief imports this year from our northern neighbor. At the present level of prices, it is altogether possible that the country will not be a very heavy seller, and we may find that a better percentage of the crop will be fed on the farms where raised, but yet it is the quantity that comes to terminal markets which really has much to do with influencing prices. So if the imported oats go largely to Chicago, to Buffalo, and to consuming centers in the East, we may find that it will be more difficult to bull the market materially even from present levels. Of course, much will still depend on the size of our corn crop.

After the close of the market, the government estimate will be given to the trade, and while the crop probably needs two to three weeks of warm, sunshiny weather to mature, the general situation is quite satisfactory, although the early crop was apparently not helped very much by the rains that came late. Harvest is under way in southern Oklahoma, while some of the early crop is being picked for immediate use in Kansas, where according to the government resume, the general progress toward maturity is satisfactory. In Iowa, the reaction to warmer weather at the close of the week was favorable, and the plant made immediate response, with 10% at least safe from frost. For the moment a little warmer weather seems to be in sight.

While the question of food surpluses is going to be a big one, the government seems prepared to continue its support program, and it is taken for granted by most farm leaders and others that it will take at least 2 billion dollars to do this job, although in the immediate period ahead, it may take as much as $3 billion to $4 billion, and as one official put it, "Our buying of eggs which created such a ruckus would be small change compared with what we may have to do next year." Mr.Byrnes recommended that Congress appropriate up to $2 billion next year if necessary to keep farm prices from slumping heavily, and this seems to be receiving favorable approval of Capitol Hill. In fact, one of the members of the Agricultural Committee thinks that Congress should go beyond the basic commodities and work out a plan to protect poultrymen, dairymen, and stockmen also against disastrous post-war price cuts.

Primary receipts of wheat were 2,661,000 bu; a week ago was a holiday, and last year they amounted to practically the same, the amount being 2,621,000 bu. When the visible supply of wheat was posted it showed a slight increase; the total now amounts to 166 million bu, or 17 million bu less than we had a year ago. Chicago wheat stocks increased 16,000 bu, and rye decreased 120,000 bu, but there is still 10 1/4 million bu of rye in this market.

With rather heavy short covering prices in all pits were higher most of the session. Best prices of the day were not maintained, although at the close wheat was up 1 to 2 1/8¢ per bu from Saturday. Shorts were also busy covering oats and rye, and the close was fairly strong.

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CHICAGO, 4 Sept. 12, 1944.

The war news continues extremely favorable. For the first time in history American troops are fighting on German soil, and the Hitler Armies that carried invasion into more than a dozen European countries are now defending themselves on home ground. In the Pacific we were sweeping 500 miles further westward in the first allied seaborne blow against the Philippines, and it was reported that eighty-nine Jap ships had been sunk.

The overnight grain news was also very favorable, and the government report issued after the close yesterday disclosed that the total grain production this season is expected to be 153 million tons compared with 143 million last year, 155 million in 1942, and 120 to 136 million tons during the previous five years. About the only surprise centered around corn production, where the estimate was 172 million bu larger than for August. Most people had expected a reduction and there were skeptics who thought that the government figures might be too optimistic. However, when they were closely scanned, it was found that the poor areas had gone backward, as had been expected but there were substantial increases in Iowa, Nebraska, and parts of the Northwest. Extremely favorable weather during most of August was, of course, a factor, and it now looks as though we shall have the second largest crop on record if we have normal weather for the next three weeks or so. The report also stated that prospects continued to improve during early September and that an additional few weeks of favorable weather could give the largest volume of crops this country has ever had. There was a slight decrease in the estimate of spring wheat, but yet our total production should give us a larger yield than ever before in history, so that including sorghums and soybeans, we should have more than 6 billion bu of grain this year. Even with some reductions in the carryover reserves, there seems to be ample food and feed to take care of our home requirements, including livestock feed and our poultry industry.

The trade paid very little attention to these figures, and in fact, it is generally taken for granted that support programs will overcome any of the immediate difficulties that may arise. In cotton, the House Conferees agreed on a 95% loan, and thus it is quite obvious that Congress is in full sympathy with whatever programs are suggested to maintain near parity levels. As Dr. Joseph S. Davis of Stanford University points out, "Current levels of farm prosperity are too abnormal to persist." He is not predicting an agricultural depression, such as we had in the early 30's, but he does say that the best way to insure price collapse is to boost prices to abnormal heights, whether by private speculation or by government action, and then trying to hold them there. In his opinion, we are doing these things under congressional mandates enacted into law under the pressure of interest groups. He also points out that even though wheat prices did not go as high as during World War 1, our farmers have been extraordinarily prosperous during the present conflict, even more so than in the previous war, but he shows how this prosperity has been due to extreme wartime demands for farm products, good weather that has favored exceptional yields, and to hard efficient work by farmers amid harassing difficulties. He feels that prices of farm products have been forced abnormally high by government loans, purchases, and other devices, regardless of the cost and risk of public funds. In his opinion we should permit the countries with the lowest-priced wheat, quality considered, to have the first call on available export markets, unhampered by export quotas, fixed on historical basis. He feels that if price supports are included at all in a peacetime program they should be at a distinctly low level designed to safeguard against any real disaster.

Primary receipts were 3,353,000 bu compared with 3,248,000 bu last week, and 2,335,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 532,000bu.

Trade in wheat was rather light, but the market was fairly well supported, and there seems to be a little more buying of the deferred months on the theory that if the government purchases continue December and May deliveries may finally sell at the cash price now prevailing. Values at the last showed advances of 3/4 to 1 1/8¢ per bu.

Oats were also firm and higher, but rye was indifferent, and there is still no urgent demand for cash.

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CHICAGO, 4 Sept. 13, 1944.

It seems that in every war high prices are received for agricultural products, and it is not altogether on their merit that they attain such heights. During World War 1, the United States made a strenuous appeal to her farmers to increase production and finally guaranteed the price of wheat at $2.26, or thereabouts, in an effort to raise enough food for the allies. In spite of these great efforts, when the war was over, supplies were extremely small, and it was about 1921 before the world raised sufficient quantities for its requirements, and after that time a decline in values started. During the present war we have had two kinds of supports: one, covering basic commodities, such as corn, cotton, wheat, tobacco, rice, and peanuts. It is true that most of these commodities have had price support at varying levels since 1933, but yet with parity gradually advancing, it was not until recently that such high figures were attained. There was a second list of commodities needed for successfully carrying on war activities, and we are now referring to hogs, chickens, turkeys, milk, and butter fat, certain dried peas, and dry edible beans, and numerous other articles. Hadthe price level of these latter commodities not been attractive, it was always feared that sufficient quantities would not be available. As for the basic commodities, there were loans finally raised to 90% of parity, and thus the producers of the country have had a government pledge fulfilled to insure them satisfactory returns for their services. It is now intended to cushion declines regardless of competition from the outside and regardless of the secondary consequences to our economic structure.

It might be wise to review here and now some of the factors which confront us. Not only have we raised the largest wheat crop in history, but we also find that Canada has a prospect of raising 447 million bu, including the eastern territory, which would compare with last year's crop of only 293 million bu. In coarse grains, the situation, if anything, is even more bearish owing to the fact that feeding operations in that country will also slacken. The Ottawa report issued last night indicates oat production at 526 million bu, which, together with a carryover of 108 million bu, makes a total of 675 millionbu. In barley, including the carryover of 45 million bu, the total supply would be 248 million bu. These figures are not so far out of line with the past two years; but going back to 1941, the total oat supply was only 346 million bu, and the total barley supply only 120 million bu, so that there is practically twice as much of these cereals as there was at the time hostilities started, and even assuming that Europe will re-stock its herds and resume feeding operations, they can still implement any deficiency through Canadian sources. Moreover, there is also a good corn crop in the Argentine, and thus we can foresee that wheat consumption will revert more to human needs, as was formerly the case.

In view of the statistical data just submitted, we are very much afraid that any attempt to keep prices artificially high will simply postpone the day of reckoning.

Primary receipts of wheat amounted to 2,296,000 bu compared with 2,519,000 bu last week, and 2,449,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 571,000 bu.

There was a good undertone to the wheat market, and we believe there must have been fair covering of hedges, presumably against milling business overnight. This was a sustaining influence, but there was unquestionably some buying, also, by traders who believed that the government support program would prove effective at least for the time being. Last prices showed advances of 3/8 to 1¢ per bu.

Rye was firm early, but finally yielded ground on rather small volume.

Tomorrow we shall resume trading in corn for December, May and July delivery. The ceiling price will be $1.18 1/4 in store. It is thought that the initial price will be somewhere between $1.10 and $1.12 per bu, probably a slight premium for the December, and possibly a discount for July. In any case, we urge those who trade to make their commitments in the May future. Without a large carryover reserve and the possibility of a late movement, shorts in December may be continually on the defensive.

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CHICAGO, 4 Sept. 14, 1944.

Statistical data for North America is generally pretty well established at this season of the year. For our country, figuring now on a crop of 1,115 million bu both spring and winter wheat, and a carryover of 316 million bu, total available supplies at the beginning of the season amounted to 1,431 million bu. Ten weeks of the crop year has passed, and we have exported less than 20 million bu. Therefore, there still remains available for export and carryover to June 1945 more than 400 million bu. This is all on the assumptionthat our prospective utilization will amount to one billion bu, which is a reduction from last year but compares with 671 million bu in the crop-year 1941-42, just before hostilities. We believe that we are fairly conservative in these figures owing to the fact that feed grains will be abundant, and also, the number of animals to feed will be considerably smaller than a year ago. By the same token, we figure that the amount of wheat that will be fed to livestock and poultry in Canada will also be considerably less in the season ahead, and probably few people realize that there was 100 million bu so consumed, according to Dominion Bureau reports last year. When we consider a country of 12 million inhabitants, this is really a very heavy drain on consumption, and it was not so long ago that the country utilized only about 125 million bu wheat for all purposes, including feed, seed, human requirements, as well as wastage. Therefore, in the post-war era and the years to follow, it looks as though North America will probably use smaller quantities of wheat for animal consumption, particularly when coarse grains are not scarce.

As for South America, we must also assume that whenever coal can be obtained again in the Argentine, it will not be necessary to set aside 75 million bu wheat each year for fuel, and this, of course, will make available larger quantities for export markets. There have been more steamers arriving recently in Argentina than heretofore, but this does not necessarily mean European business. In fact we are rather inclined to believe that American carriers have lifted about 150,000 tons of grain that was bought to come to the United States. Besides this, Mexican purchases have also accounted for some of the recent shipments. The Argentine wheat surplus at the end of August was estimated by Broomhall to be about 172 million bu, the corn surplus 194 million, and although the third estimate of Argentina's corn crop shows a reduction of about 10 million bu from the earlier figure, it still looks as though a crop of 343 million bu might be harvested.

This data is interesting and may finally have a bearing upon markets, although at the moment we have to contend with artificial factors and take cognizance of the price control program. There has been 53 million bu wheat impounded so far this season, and the CCC has bought 64 million bu wheat since July 1st, so that a very large quantity which might otherwise be pressing on the market had been temporarily removed. This also creates a higher price field than would otherwise obtain, but whether it is healthy or not is quite another matter. As the Federal Reserve Bank report points out in its last issue, "Close students of the problems dealing with relief and rehabilitation of Europe recognize that the major share of the task of feeding Europe after the war must fall upon Europe itself, that the most to be asked from outside is to help Europe help itself. The overwhelming bulk of the Continent's food needs must be supplied by home production." Even under these conditions it is probable that for a while the Continent will have to import a larger share of its needs than it did before the war, but this authority also points out that the farm lands of the Continent have not in general suffered disruption physically as a result of battle. Most of the damage has been to cities and to industrial areas, and it is our belief that the post-war demands will center largely in the field of farm implements, seeds, and other items to revive home production.

There has been some covering of wheat and rye during the past two sessions, by those who believe that the steel formula may be pierced, but yet this has only helped stem the decline, and has not imparted much bullish enthusiasm.

Corn trading was resumed and highest prices were made at the opening. In spite of the fact that many processors have been unable to buy adequately for their needs during the past year or more, there was not the support at the opening which we had expected. In fact, sellers predominated. Parity on the farm is $1.09, which means a loan of about 98¢, but the yellow cereal does not have the keeping quality of wheat, and therefore, the loan program proportionately has never been so successful for that cereal.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 15, 1944.

We have been attempting to inform ourselves as to the possible post-war demand for grains, but a veil of secrecy surrounds conditions in most of the German-occupied countries. It is not an easy matter to get data; even federal agencies have had trouble in that respect. It is generally conceded that calories cannot provide an entirely satisfactory means of comparing average consumption in different countries since they do not indicate the nutritional value of the diet, except as a source of energy, but probably they provide the most convenient yardstick.

Through data compiled by the League of Nations, in its study of rationing and supply a little light is thrown on the subject, and the report states that in Great Britain, the average intake is at or above the standard of 3,000 calories per consumption unit a day. When it comes to the matter of comparisons between Great Britain and the German-occupied countries, it should be remembered that rationing has been highly developed on the Continent. For example, the normal consumer in Germany has a caloric intake of only 1,930, and apparently is able to get along. Those, however, working in factories or doing arduous labor have an intake of 3,435 calories a day. The same authority claims that the food situation in Europe improved in 1943, and in fact in German-occupied Europe, the grain harvest will be 90% of the pre-war average. This tendency, however, will probably not be maintained owing to the shortages of fertilizer and manpower, although, of course, this situation would also change when hostilities end. The order in which the various countries are placed is also interesting. For instance, Bulgaria heads the list with just over 2,000 calories a day; Germany, Finland, Bohemia, Moravia, The Netherlands, and Belgium show between 1,500 and 2,000 calories. The nations receiving between 1,000 and 1,500 calories are Norway, the Baltic States, Slovakia, Poland, France, and Italy. Apparently those countries have sacrificed in order to give a better diet to Germany.

Our market, as usual, paid more attention to price control factors and that type of news than anything else. Recent trade reports indicated that the CCC might buy wheat for deferred delivery, but Washington claimed that this information was unfounded and that no major change in that phase of the program was contemplated. However, it seems altogether likely that some expansion in the buying may take place, and while heretofore purchases had been made mostly on in-store grain at terminals, it was hoped that the federally-owned bins could be made available for country buying in order to relieve congestion at primary points. It is our impression that while the government owned a good many steel and woden bins some years ago, these were largely sold to farmers throughout the country, and we doubt whether they have retained possession of any large quantity of storage space, so that their study will undoubtedly confirm this belief. In any case, it shows that Washington is desirous of supporting price levels, and while it is claimed that the acquisition of wheat stocks is also maintained for feed wheat sales, we doubt very much whether the latter is so important now owing to the fact that a large corn crop is in prospect; other feed grains are also plentiful, while the number of animals has been materially reduced.

Primary receipts of wheat amounted to 2,813,000 bu compared with 2,132,000 bu last week and 2,063,000 bu last year. When the visible is posted Monday, it will compare with a rather heavy decrease last year, which amounted to 4,757,000 bu.

Trade was not at all active. There was no trend to wheat. It was a rather indifferent affair, and in spite of all the talk of price supports, some people regard this as bearish, indicating that the market needs a stimulant in order to maintain present levels. We figure, however, that if large amounts are impounded and government purchases supplement this program, finally May wheat cannot develop great weakness. Last prices were 3/8¢ a bu higher to 3/8¢ lower.

There was little trend to corn. Rye was intermittently weak and strong. New lows were established for the nearby months, but short-covering rallied all futures.

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CHICAGO MERCANTILE EX.

Sept. 18, 1944.

No one could be more solicitous for the welfare of farmers than we, realizing full well that prosperity emanates from the soil and that general business cannot thrive unless agriculture is on a sound basis. Our sympathies, however, extend to many other fields as well. Last week's coastal storms brought to mind the great hazards encountered by fishermen, who risk their lives in carrying out their daily duties. About the only government support which they receive is signal warnings that storms are ahead. We do not mean by this that we are averse to government protection. By the same token that unemployed men are not guaranteed a salary of $4,000 per year but rather are given modest help, so we deem it proper that support levels for agriculture should be at low levels in order to prevent disaster rather than attempting a support price for next year on basis of last year's ceiling levels. That the fishermen and thousands of others are not included in these benefits probably stems from the fact that they do not enjoy the organized political power of the farmers; but in the last analysis, this does not alter the merits of the case.

Supplies of grain for the 1944-45 season in North America appear to be about 3% smaller than last season, according to the Weekly Grain Market Review, but they are actually about 30% more than the ten-year average, and considering that we are soon entering a period of peace, this is rather significant. A record wheat crop in this country, together with a 40% above average crop in Canada, (now indicated at 448 million bu), will almost make up for a drop of 546 million in the carryover of wheat from the previous season. Besides ample corn, oats, and barley crops in this country, we must bear in mind coarse grain supplies in Canada. Oat production in that country is indicated at 526 million bu compared with 335 million bu, the five-year average, (1936-40). The barley crop for 1944 is indicated at 203 million bu compared with 93 million bu, the five-year average. The rye crop is little changed, although flax production is almost five times as great as pre-war.

Just to what extent we shall import oats fromCanada is obscured by many factors, and not the least of these is the Canadian export tax, which is changed almost daily and which, therefore, impedes business. At the moment 505,000 bu is destined for Chicago on Steamers Coolidge and Collins. The nearby oat month has been very strong, and it is thought that one of the leading industries is taking delivery on tenders. Shorts have covered reasonably well, and unless the cash demand becomes more urgent, it is quite possible that September oats have gone to a sufficient premium over later deliveries.

Primary receipts of close to 2 1/2 million bu were about the same as last week, and also the same as last year. When the visible supply of wheat was posted it showed an increase of 1,831,000 bu, making a total of 168,689,000 bu. This figure is now only 10 million bu smaller than a year ago. With storage filling up we should gradually catch up to the accumulations of 1943. Chicago stocks of wheat increased 299,000 bu, which means that there is slightly over 10 million bu here. Chicago rye stocks decreased 100,000 bu, still leaving 10 1/4 millionbu here.

Very little attention was paid tostatistical data, and the fact that the nearby deliveries of wheat were strong had its influence on later months. There was considerable short covering, presumably by eastern interests, and in view of the fact that May wheat is selling at 6¢ per bu under the government support price, makes traders rather hesitant in pressing the short side. At the last there were advances of 1 to 2 3/4¢ per bu.

Corn was firm, mostly for the December; no particular feature here except that with hog and animal prices reasonably high, and no burdensome reserve supplies from other years, we believe that farmers will not be in a hurry to sell, particularly since the loan price on the farm is 98¢ per bu.

Rye went up with other cereals, but there was some profit-taking on the advance, and this cereal, in our opinion, is more vulnerable than others.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 19,1944.

Sentiment in grain has undergone a distinct change, and there is not nearly the pessimistic feeling that there was some weeks back This is not due to any change in the statistical outlook but rather to the realization that the nearby deliveries in all markets have gone to the support limit, and in some cases cash wheat is actually higher than the government buying levels. This, of course, creates the idea that later on all the successive deliveries may be influenced by these tactics. Despite some denials from Washington that the CCC has given up the idea of buying for deferred positions, we understand that there has been thinking along that line, but whether or notanything is done we feel that by next May, despite the sizeable carryover, there will be a rather tight supply position, particularly if the impoundings continue on a heavy scale between now and December 31st, especially if this government support takes further quantities from the market. Some point out that fundamentally a market cannot be inherently strong where the government support is needed, but yet we figure that the reserve stock next July will be in the neighborhood of 350 to 400 million bu, and probably the largest percentage will be under government domination. This being the case, we see no chance for substantial breaks, although recognize that when December wheat in our market sells at $1.55, the market becomes more two-sided.

When the bell sounded this morning, traders were influenced by reports from Washington that a recommendation had been made that the CCC announce its intention to take over all 1944 cotton still in the hands of producers on nextAugust 1st at full parity price levels. Whether or not this will be done is still a moot question, but the idea is to assure full parity levels for producers and then to formulate plans for exporting the surplus at world price levels. This, of course, would have to be done through subsidized exports. According to Senator Bankhead, Mr.Vincent has promised to give the suggestions careful and prompt consideration. While cotton was just a few points higher, there seemed to be heavy short-covering in grains. There is some fear now that if the cotton plan should be adopted it might spread to other commodities, with the government asked to assume these losses. There is at the present time 70 million bu wheat impounded under the 1944 loan. This is a substantial increase over the previous week and compares with 57 1/2 million bu tied up a year ago. We presume that with many farmers also thinking about their income tax problems, a much larger quantity will go into the loans this year than last, and therefore, even with the feeding program of smaller dimensions, as we gradually eat into our surplus, the deferred deliveries will undoubtedly come into their own.There has already been considerable covering of July wheat, which at one time sold at more than 10¢ a bu discount under May, and while, of course, nobody can be sure what the parity price will be next season or what the conditions may be after the war is over, it certainly would appear that only those who are extremely bearish would take a short stand on a new crop future, giving away so much at prevailing differentials.

Primary receipts of wheat today amounted to 2,646,000 bu compared with 3,353,000 bu last week, and 2,003,000 bu last year. Kansas City and Minneapolis stocks so far this week show an increase of 332,000 bu.

There was a firm undertone to the wheat market throughout the major portion of the session, although trade was not of a large character. At the close prices ranged 3/8¢ to 1¢ per bu higher, with the greatest strength in the deferred months.

Oats had more or less of a weak undertone, despite the strength at times in wheat and corn. Rye followed advances very reluctantly and showed no independent strength. Corn prices were firm during the session.

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CHICAGO, 4 Sept. 20, 1944.

We believe it is unfortunate that many people in trying to accomplish something that will improve the status of the farmer, so often confuse parity income with parity price. The farmer, very much like the wage-earner, is interested in the pay envelope, and in years of depression when his taxes were constant, his outside labor had to be paid, and in years when yields were disappointing he found it extremely difficult to make ends meet. There were, indeed, farms in Illinois where the taxes ran as high as $4 per acre, and it was sometimes difficult to balance the budget. Under such circumstances, it would have been a great help if he had been given some sort of equity payment in order that the mortgage on his farm would not have been foreclosed, or in the case of a more prosperous farmer, where he could have paid off his debts which were incurred during the regular course of business.

The answer as we see it is not in providing a parity price per bushel, for the reason that production is never a constant item, and the marginal profit very often comes in successful years when bountiful crops are harvested. This being the case, it was pretty generally understood over a period of many years that the same price could not be obtained when a billion-bushel wheat crop was produced as in those years when we raised only about 600 to 700 million bu. However, the parity concept does not take into account any such differentials, and attempts to provide the same value per bushel of grain one year as compared with the other, regardless of results. In other words, if parity on the farm is $1.50 per bu wheat, the formula is established by rule, and it is the intent to provide the farmer with that price whether he raises 15 bu to the acre or whether he gets a yield of 30 bu per acre. Thus, it may work a hardship upon producers in certain localities where the elements were not propitious and where through no fault of theirs poorer crops may have been grown. We sometimes have very favorable conditions in the winter wheat territory, but unless the proper rains have been received during June and July in the spring wheat areas, the Northwest farmer may fare badly, and there were four or five successive years when our spring wheat crops were almost failures. Thus, we say again that parity prices, regardless of how computed, are not fair, and even though farm labor would be included in the determination, or even the labor of the direct members of the family who assist in the work, there will be times when great suffering may be wrought. As an extreme example, what good would it do to have wheat parity at $2 if a farmer raised nothing at all? Consequently, we feel that basing the loans on such a concept may bring about dangerous results, particularly in years when large surpluses exist and where the export outlets may be quite limited.

When our market opened this morning there was no important issue. There had been fair to good rains received in the Central States, also some moisture in the Northwest, but this is hardly a market factor at this time, except that the improvement of soil conditions will help in getting the land ready for fall work. There has been a little more sunshine over the corn belt during the past week, and in Iowa the progress of corn was very good to excellent. It is now claimed that 42% is safe from frost, only about 6% is below normal, (or three days late), although in other States conditions are less satisfactory.

Primary receipts of wheat amounted to 2,603,000 bu compared with 2,296,000 bu last week, and 1,706,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 327,000 bu.

There was not the same support forthcoming today as we have had in recent sessions, although eastern covering of December wheat took place early. After this had been accomplished, values slumped fractionally, and it seems that with December wheat at about the government support price, the market is more two-sided. Values at the last were unchanged to 1/2¢ per bu lower.

In oats, there was some selling of September and this delivery was the weakest most of the time, but it rallied sharply at the close, but the deferred months also yielded ground.

Rye was off fully as much as wheat. Nobody is particularly anxious about accepting tenders on September future, which is the cheapest of all old-crop deliveries. This would indicate that despite the big discount under wheat and not much pressure from the country, the demand is anything but urgent.

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CHICAGO, 4 Sept. 21, 1944.

The September government report has been pretty fully analyzed in our letters, although we have dealt with mostly wheat, corn, and oats, and have made little mention of the fact that grain sorghums will set an all-time high, with the crop forecast close to 150 million bu. The previous high was reached in 1941, when we raised 111 million bu, but it is important during this particular period that a record yield is in sight owing to the fact that the recent demands for feeds have been very excessive, since wheat was used almost as extensively last year for animals as for human beings. This big sorghum crop will further lighten the demand, not only for wheat, but also for rye. It is particularly important in the States of Texas, Kansas, and Oklahoma where about 90% of the crop is raised. The government has apparently taken cognizance of this fact, and an announcement came from Washington today that WPB would lift all restrictions on the use of these sorghums for alcohol production during the next three months of this year. Prior to this time certain large distillers were permitted to use only up to 30% of grainsorghums, and thus today's announcement should prove very important because it undoubtedly would have been difficult to have disposed of such a large sorghum crop through feeding channels alone.

When our market opened this morning, prices were relatively firm except for September oats, the latter fluctuating rather widely, but since today and tomorrow are the last sessions for trading, we presume that with the large interest, until commitments are evened up, swings may be greater than in other delivery months of oats or for other grains, with the possible exception of September barley, which is also rather tightly held. Otherwise, there was not very much overnight news, and it seems that the trade is afraid to go very far in either direction, especially is this true with respect to wheat. First of all, the announced desire of the government to keep prices close to parity limits, discourages any important selling even of the deferred futures, regardless of statistical data. Everyone knows that with a bumper wheat crop present prices are very high, but yet if our government is determined to cushion declines in the post-war era, they probably have the ability to maintain a fairly high level, provided they are not concerned with the secondary consequences, and the possibility of adding largely to our reserves.

As is generally recognized, the real bosses in any capitalist system of market economy are the consumers. It is by their buying or by their abstention from buying that prices generally fluctuate, and in the final analysis this determines who owns the capital and who runs the plants. Thus the capitalist system of production is an economic democracy in which every penny gives a right to vote. This is the analysis of Mr. Ludwig von Mises, in a treatise which just came off the press yesterday. He furthermore states, "The consumers are the soverign people. The capitalists, the entrepreneurs, and the farmers are the people's mandatories. If they do not obey, if they fail to produce at the lowest possible cost, what the consumers are asking for, they lose their office. Their task is service to the consumer. Profit and loss are the instruments by means of which the consumers keep a tight rein on all business activities."

Primary receipts kept pace with recent days, amounting to 2,308,000 bu; last week they were 2,648,000 bu, and a year ago 1,710,000 bu. Kansas City and Minneapolis stocks so far this week show a net increase of 406,000 bu.

There was again evidence of short covering from the East, especially in December wheat. This future at one time went to a premium of about 4 1/2¢ over the May; best prices, however, we not maintained, and at the last values were 3/8¢ per bu lower to 1/2¢ higher.

Oats had difficulty in even attaining last night's closing figure. The weakness in September had a somewhat depressing influence on the deferred months, but beyond that it is figured that with a large crop in Canada we may still feel the weight of imports as the season progresses.

Rye was strong at times, but this cereal is influenced by a slow cash demand, and we feel that sales on bulges are in order.

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CHICAGO, 4 Sept. 22, 1944.

While we sit quietly at home eating comfortably, despite the rationing of some foods, even discussing the question of surplus disposal, there are many parts of the world wondering and hoping that bread will be available for the next meal. Generally speaking, home crops of wheat in Britain are satisfactory, although harvesting operations were somewhat impeded recently by unsettled weather, but very likely no great harm will result. In Scotland, harvesting operations became general about the beginning of September, but lack of labor was an important item. Conditions in France must be rather poor, and recently Argentina offered to make a gift of 100,000 tons of wheat and some meat, indicating that supplies were deficient. In Italy, agricultural conditions have been generally unsatisfactory. Efforts to induce Sicilian farmers to surrender grain at the fixed nation-wide price was apparently a failure. In Palermo province farmers had surrendered only about 6% of their crops to the public granaries, and nearly 9,000 people had been arrested in Sicily for failure to surrender wheat, and a new critical stage was to be expected with the expansion of forcible measures.

We have gathered most of these interesting items from Broomhall's Corn Trade News, and in the last issue to reach America, we also learn that general conditions relating to the Russian agricultural situation are favorable. Weather has been satisfactory for crops in the most important regions, especially in the Ukraine; also the existence of tens of thousands of tractors, large numbers of combines, harvesting and threshing machines has made it possible for Soviet Russia to achieve really remarkable results in plowing and sowing. Nevertheless, all reconquered lands have not yet been utilized. Practically the whole territory retaken since July 1943 was liberated after the grain crops were harvested. The Germans in their retreat were ruthless in their destruction, and livestock held on collective and State farms, as well as that held individually, was looted even more thoroughly than crops. From sketchy and incomplete information in the Soviet press, it is evident that only a small number of pre-war numbers of livestock, both horses and productive animals, remained on farms at the time of liberation. In many localities livestock numbers were probably as low as 10 to 15% of the pre-war totals. Under these circumstances, the gap between the 1943 crop and present requirements must be either covered from reserves or from wheat shipped by the Allies. But in spite of these facts, there are no indications that imports of flour and wheat will be larger this year than was tentatively estimated last January. Broomhall thought at that time that 50 to 60 million bu wheat might be needed, and very likely that figure will not be exceeded.

Our market opened slightly easier but it was announced early in the session that the CCC would raise its support price 1¢ a bu at Chicago, St. Louis, and eastern points, making it the same as the loan level, and this caused some short-covering. Little attention was paid to Southern Hemisphere crop developments, although Australia, according to the Wheat Board estimate, will raise only 66 million bu, or nearly 100 million bu less than the ten-year average of 162 million bu. Argentina's status is somewhat better, with just a fair crop in prospect, although yesterday's rains probably have brought some improvement. This, of course, is largely offset by a Canadian crop and carryover of 803 million bu, and the possibility of much smaller feeding of wheat than last year when 113 million bu was so used. Other domestic utilization in that country, including the amounts for feed, home consumption, alcohol, etc., hardly varies.

Primary receipts of wheat were slightly less than 2 1/2 million bu, just a shade more than last week, and this compared with 1,726,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 570,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage last year of 5,740,000 bu.

Trade was not particularly active but prices in wheat and rye were quite firm, and it seems that pressure for the moment is distinctly lacking. Corn values were also slightly higher, and there is talk that the restrictions may gradually be removed. Also, leaders in the distilling industry believe that another whiskey holiday may shortly be granted. September oats expired on a wide range, and at a fair premium over December.

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CHICAGO, 4 Sept. 25, 1944.

There have been intimations for some time that the CCC was developing plans to buy cash wheat in various markets for deferred shipment, and while we cannot definitely lay our hands on any business, we understand that some few transactions have already been made. The purpose apparently was to bolster prices of the deferred deliveries, which were selling at a big discount under cash wheat, and undoubtedly this factor was proving troublesome to millers and other processors who had to buy the grain and hedge it disadvantageously. Whether such forward-shipment buying of cash wheat will be carried on to a large extent is still unknown, but we believe that even though denials have been made, Washington thinking was favorable to some sort of plan. There was another development, however, that was revealed rather unexpectedly, and the first that anyone knew of it was through an Associated Press dispatch carried inthe Sunday papers to the effect that Mr. Jones had announced that WFA would buy from producers at parity prices, less carrying charges to the end of the storage year, all unredeemed 1944 crop wheat which is under loan May 1, 1945. Nobody can be certain as to whether appropriations will be forthcoming when Congress reconvenes in November to buy such large quantities of wheat, together with tremendous quantities of cotton, particularly since producers of other commodities may also want similar parity protection, and, of course, this would put the government in business on such a vast scale that private enterprise might finally be eliminated.

In view of the fact that farmers were not asking for additional help at this time, we hardly know why the government has embarked upon such an ambitious and inflationary program. There was some question as to whether the Exchanges could operate efficiently without receiving more complete information from Washington, but apparently all must have agreed that business should continue as usual, and that hedging protection should be offered tocustomers of the organized grain Exchanges of the country in order to minimize losses. A good many concerns are apparently long futures and still short cash wheat, and this is particularly true of instances where either grain or flour has been sold for deferred shipment. Thus, it is necessary that if the price of cash wheat should advance, futures should also be permitted to advance proportionately, and this seems to be the thinking of most people in the trade. On basis of the loan price at country points, and adding 15¢ per bu, then deducting, say 9¢, the latter to defray storage, interest, etc., the price in the country would run somewhere from $1.41 to $1.45, and this is not far distant from the cash prices which prevailed last Saturday before all the excitement took place. In view of today's advance, it is altogether likely that more cash wheat may come on the open market, and that finally less will go into the loan than had been anticipated earlier. Until there is greater clarification, a good deal of uncertainty is bound to exist, and prices this morning were very firm; in fact, the full permissible limit of 5¢ per bu was reached almost as soon as the opening bell sounded, although for a time a good deal of trading took place.

Primary wheat receipts amounted to 2 1/2 million bu --practically the same as last week, and one-half million bu larger than last year. The visible supply was late in being posted, but Chicago wheat stocks decreased 429,000 bu, leaving a total here of 9,618,000 bu. Chicago rye stocks decreased 173,000 bu, still leaving 10 million bu here.

Feeling the effects of this inflationary program, cereals other than wheat, were also affected. In fact, the repercussions were even felt at Winnipeg, where shortly after the opening Canadian rye futures advanced 10¢ per bu. At Kansas City #2 hard wheat sold on the floor at $1.62 per bu, which is the ceiling, including one merchandising charge, but nobody can be sure of price levels under this artificial setup. All wheat futures were wanted at a mark-up of 5¢ per bu over the close on Saturday.

Late in the session the broadtape carried a news item from Washington in which officials emphasised that CCC will not offer to buy wheat at parity if it is redeemed before May 1st. It also stated that opinions varied on the workability of the purchase program.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 26, 1944.

As the war draws nearer an end, it becomes apparent that Continental Europe will probably require less wheat and flour than many have predicted. Nobody can tell for sure how the 1944 harvests have turned out, but at least one favorable point, as Broomhall indicates, is that the battles of the past few weeks have been fought over a comparatively small area of country and that the great push now going on throughout France, Belgium, and Holland is accompanied by no serious destruction of crops or property. Also, the war in the Balkans is moving too quickly for the Germans to indulge in large destruction of food, or even to carry much food away with them. Even in Italy, where there had been reports that Germans had commandeered wheat, it is most unlikely that the traffic could have been great owing to the fact that railway equipment was chaotic and there was not an opportunity nor the time to send substantial supplies to the Reich.

We have quoted before in our letters from Mr.Walter B. Garver, Agricultural Economist of the Federal Reserve Bank of Chicago. At a meeting of bankers yesterday, he stated that the existence of vast food reserves in the United States and Great Britain and the apparent ability of Europe to restore quickly the productivity of its farm lands indicated that the war-torn Continent would not provide added markets or better prices for American farm production. He figures that food needs at the end of the war will amount to approximately 9 million tons, but he also predicts that 10 million tons will be on hand in Great Britain and in possession of WFA and the American military forces. As far as farm prices are concerned, he believes stock piles are so big that these products already have been bought, and the farmer has been paid. So another authority is added to those who minimize to some extent the post-war demand.

When our market opened this morning, wheat prices were rather firm. This was particularly true for the nearby positions, although a good deal of spreading was evidently taking place, with May wheat purchased and July wheat sold. Sentiment was not nearly so bullish as yesterday, and further analysis of the WFA program indicated that if the government took over the impounded wheat next May, the farmers would not benefit materially, even though 15¢ were added to the loan price for the reason that storage, elevation, and interest charges would be subtracted from that price, and this we figure is equal to about 9 5/8¢ for storage and elevation, and 3¢ for nine months' interest, or a total of 12 5/8¢ per bu. In other words, the farmer whose wheat is already impounded would get only about 2 3/8¢ more than was allowable under the loan, and thus it is becoming more apparent that this new scheme, if properly understood, is not nearly so bullish as was first anticipated. There is also another important factor which we should mention: namely, that some wheat already in the loan may be redeemed at present levels, and, furthermore, new loans will be on a decreased basis if present market prices remain attractive. Therefore, we may have to revise our notions as to the quantities which are being impounded between now and December 31st.

Primary receipts of wheat were quite heavy at 2,950,000 bu. This compared with 2,646,000 bu last week, and 1,807,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 420,000 bu.

As we stated earlier best prices of the day were recorded early in the session. Thereafter, weakness in coarse grains had some influence. It seems that May corn was offered at the opening 5¢ per bu under the previous close, and apparently industries are not finding it so difficult to get their supplies. We also heard that large quantities of Canadian oats were worked to this country, and some hedges were placed both in Minneapolis and here, with the result that markets at times were rather soft. Minneapolis wheat futures were weak. Cash demand there was not keen but possibly the fact that a strike has been called at some of the Buffalo mills may have had something to do with the comparative indifference.

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CHICAGO MERCANTILE EX.

Sept. 27, 1944.

In normal times Great Britain is the best customer for wheat and flour, and imports about half the total European requirements; ther fore, a very important factor in world trade. The exporting countries naturally vie for this business, although during the war Canada has had the field more or less to herself owing to the factthat our shipments were very small, and in most cases our prices were above competitive levels. Also, Southern Hemisphere countries had difficulties because of the inability of getting sufficient ocean tonnage. As a matter of fact Britain has not required so very much wheat considering that she was a nation at war. Obviously they recognized right from the start of hostilities that they would have to conserve shipping space for food products as much as was possible, and by proper cooperation between government and farmer, a wonderful job was accomplished. In 1939, there were just slightly less than 13 million acres of arable and about 19 million acres of permanent grass, but by 1944 the arable had become over 19 million acres and permanent grass had dropped to under 12 million. Wheat acreage increased from 1,800,000 acres in 1939 to over 3,200,000 acres in 1944; potatoes from 700,000 acres to 1,400,000 acres, or practically double. In all, crop areas had been increased by 6 million acres. Planning now for the future, Mr. Hudson intimated that the first consideration would be to go on producing as much as possible. Moreover, livestock and kindred products represent the most expensive forms of imports, and the Minister of Agriculture feels that the more they can dispense with costlier items, the better. He further states, "Our soil and the climatic conditions make it desirable that our farming systems should be predominantly concerned with livestock over most of these islands."

When our market opened this morning, there was no particular feature, Dispatches from Washington were to the effect that under the new plan of WFA, the government figured storage and incidental charges would be approximately 12¢ a bu, where the wheat was in terminal storage, and since they had offered to purchase through CCC from producers all unredeemed 1944 crop wheat which would be under loan May 1, 1945, at parity prices (1944 loan rates plus 15¢ per bu), the farmer would benefit possibly to the extent of about 3¢ a bu through this preferential arrangement. However, there is another consideration: namely, that with wheat selling at these advanced levels, undoubtedly less will be impounded, and, therefore, more should go into free channels of trade. Likewise, there may be some redemptions, and, therefore, we do not look for any sharp advances, although with government support at the loan level, which means $1.56 at Chicago, we doubt whether price recessions will amount to much. Consequently, quieter markets are in prospect, unless there should be some change in governmental policies.

The weekly weather and crop report from Washington reports that weather was not especially favorable for rapid maturity of corn; although well over half of it is safe from frost damage, and in Iowa, despite low temperatures and too much rain, about 57% is safe and generally favorable progress is reported. Fortunately the frost which had been predicted for last Saturday and Sunday failed to materialize.

Primary receipts of wheat were about in line with recent figure and amounted to 2,594,000 bu compared with 2,603,000 bu last week, and 1,566,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 480,000 bu.

After a spell of weakness early, wheat prices rallied. It seems that none of the elevators in any part of the country are carrying large stocks of cash grain, and temporarily there is no pressure. Therefore, with the threatened buying by CCC, if wheat should break a few cents, or even the possibility that their ideas might be revised upwards, there seems to be a little buying, and at the last our values were 3/4 to 1¢ per bu higher, except July which was unchanged.

The main feature in rye was covering of December positions against sales of May; this carried the nearby delivery to a premium, but on the whole trade was much lighter than recently.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 28, 1944.

Prime Minister Churchill gave a resume of events in Commons, and while the general tone of his address was very optimistic, he did warn that possibly the war would continue into the early months of 1945, and said that possibly the Hitler gang might wage furios warfare in the forests and mountains even after organized resistance had been broken.

A good many people who have been trading in the grain markets have made their calculations on the cessation of hostilities in Europe by the end of December, and from time to time there has been bearish sentiment because of the large supplies that have been built up, although this has been tempered by the government support program. The purchases which have already taken place, in addition to wheat impounded, have lent color to our market. As Mr. Marshall recently stated before a group of California Retail Grocers, WFA has a working inventory in this country of about 2 million tons of food worth about $600 million. A large part of those stocks will be needed to carry on the war in the Pacific; some will be needed for relief feeding. However, he pointed out that these inventories are being constantly checked, commodity by commodity, and that as a general rule, food that was packed last year or in previous years is being sold and replaced with newly packed merchandise. Everything apparently was being done to avoid disturbing normal trade channels. Mr. Marvin Jones, head of WFA, pointed out that in the post-war era much depends upon the maintenance of the present high level of income and employment. He said that if income slumps, farm production will go down with it. The two are indissolubly linked. We have mentioned before in our letters that a large part of the reserve was in Europe, and according to reports there will be in the United Kingdom alone reserve food for civilian population totaling about 5 1/2 million tons. Normally, Great Britain would have kept a reserve of only 1 1/2 million tons, but due to the uncertainty of shipping, and the hazards and risks attendant thereto to get supplies to that island, they were forced to build up larger reserves to guard against dangers of starvation of the civilian population.

When our market opened this morning, the trade was influenced also by bountiful rains which were reported Northwest and Southwest, and also fairly good moisture in the Central States. This should be very helpful for fall work and plowing, and is probably more important at this time than that wet weather will delay maturity of corn. The latter is not so important now owing to the fact that about half the crop is already safe from a frost, and for the immediate future no freezing weather seems to be in sight. There was also heavy selling of rye, and one or two large orders apparently caught the market off guard; therefore, with not much short-covering or buying in evidence, values broke very sharply and during the first few minutes of trade, there were declines running as much as 2¢ per bu for the various deliveries.

Primary receipts of wheat amounted to 2,331,000 bu compared with 2,308,000 bu last week, and 1,381,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 377,000 bu.

There was some weakness to all markets early in the session, but breaks do not extend far, and we do not look for much pressure in wheat so long as the threat of government support is ever-existent. While the close was a shade lower, it really did not mean much as trade on the whole was relatively light.

Even rye recovered from the early selling; the December future is at a small premium now for the May, but holdings of cash rye in this market still appear to be tightly held.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 29, 1944

As far as wheat statistics are concerned, there is no change of importance from week to week, although our exports are keeping up moderately well, and in twelve weeks estimated shipments have amounted to about 24 million bu, or at the rate of about 2 million bu per week. Should this be maintained, it looks as though total clearances for the season would be somewhat larger than last year. In other directions there will be some economics. It is likely that the prospective home utilization will not exceed one billion bu, and considering that we had a crop and carryover of 1,430 million bu, we may expect a reserve stock at the end of the season of approximately 330 million bu, which would be a little more than the amount carried into this year's crop. Just where the wheat will be lodged is, of course, difficult to tell at this time. About 80 million bu has already been impounded, although some of this wheat may be redeemed if markets remain attractive. On the other hand, nobody can tell what the government purchases may amount to under the support program; at the moment they are bidding les at terminal markets than consumers, and until the government price is hiked or the market declines, further acquisitions should be limited. The trade, however, feels that until Congress reconvenes in November, all efforts will be in the direction of higher prices. After that, comes the question of obtaining funds for financing the program, and probably the first body to take up the matter will be the House Appropriations Committee, but whether they may have a change of heart that would thus endanger the program remains to be seen.

It was announced late yesterday that some upward revision in wheat ceilingswas likely, and that this announcement might be forthcoming at an early date. The OPA will await the results of the new parity price that will be published later today, although as we understand it, they may call a meeting first with the Industry Advisory Committee before final decisions are reached. It is thought that owing to the fact that action was taken by other agencies (Vinson of OES) and because no one can profitably redeem wheat in the Southwest, a higher allowable national ceiling will be permitted, possibly an advance of 3 to 5¢ a bu. This may have had something to do with the better feeling in all pits this morning. Buyers seemed encouraged and there was very little pressure from outside sources, although profit-taking at times was in evidence.

Since August 1st, we have continued to import various grains from Canada, the same as last year. To-date we have taken 25 million bu of their wheat, although we are not certain how much of this will be re-exported. Feed grains are in a different category, as we feel sure that these will be consumed domestically. There has been 14 million bu oats brought in, and 4 million bu barley, with every indication that with such tremendous surpluses up there, we shall take further large quantities for the remainder of the season.

Primary receipts of wheat amounted to 3,110,000 bu; this compared with 2,442,000 bu last week, and 1,615,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 383,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 4,733,000 bu.

Most of the action in the markets came shortly after the opening; wheat was quite strong, and we are convinced that short covering took place on the belief that ceiling prices for wheat might soon be raised. However, the market seems to be more two-sided. On this advance the country is selling a little more freely, and, of course, it is generally recognized that the advance has taken place solely on the artificial conditions surrounding the market. Without this government buying, prices would unquestionably be much lower.

With May rye selling at 54¢ under the price of wheat, and also at a substantial discount under corn, there seems to be a little more friendly feeling. The deferred months were in better demand today than December, but there was fairly good support of all futures on moderate recessions.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 2, 1944.

Higher flour subsidies had been expected, and were announced over the weekend. This permitted a fair amount of business to be put through, and the removal of hedges at various times today was a market factor, although it was more conspicuous at Minneapolis, where fair opening prices showed gains of about 2¢ per bu, while we were slightly lower. For the first time since these subsidies have been in effect the government has embarked upon a program to make the price uniform for all parts of the country, and subsidies have been specifically stated for a three months period. After the 10th of October, the government hopes to end the discrepancies between soft and hard wheat, and has scheduled a subsidy of 17¢ per bu, which is nation-wide, and this will be effective until the end of October. For November it will be advanced to 18¢, and for December to 19¢, so that these successive step-ups may be regarded as slightly inflationary in view of the fact that the government is not opposing gradually higher prices. They have also indicated that before long wheat ceilings may be advanced, and this was all regarded as somewhat bullish, except by those who figured that recent advances may have discounted some of the factors now developing.

On the other hand, the flour inquiry by bakers is quite general, and it is thought that orders for the balance of this week will be moderate, although nothing exciting or spectacular is looked for. There was apparently sufficient profit-taking by traders at times, which prevented the market from advancing much in spite of the fact that the CCC support price was increased 1¢ per bu, and effective today the government is willing to pay $1.57 for wheat at Chicago. The cent increase is also applicable at St. Louis and all eastern points, but it had very little market effect. It is assumed, however, that gradually higher prices if paid by the government will cushion breaks, but otherwise it cannot have much influence owing to the fact that cash wheat is selling considerably higher than the suppor level.

Those who read the weather map on Saturday were quite sure that we were going to have killing frosts over the weekend, but the cold weather entered only western Kansas and western Nebraska, with temperature readings in the low 30's. At those points there was considerable rains, and thus it is likely that damage to corn will be negligible. Taking the corn belt, embracing the States of Illinois, Indiana, and Iowa, there was no frost, and indications are quite good for the next 3 or 4 days, so that we are fairly safe for at least that period. The recent wet weather has not been especially favorable for rapid maturity of the crop, although according to the weekly government review over half the corn is safe from frost damage. About two-thirds is reported safe in Nebraska, and half the remainder will be safe in another week. Taken as a whole there seems to be no reason for alarm, especially since this report must be 3 or 4 days old. Furthermore, we should like to point out that while no definite government program has been recommended yet for the yellow cereal, the farm price of $1.16 a bu compares with parity of $1.09; so there is probably little that can be done unless it is by way of support in the event of recessions as the season advances.

Primary receipts were about the same as they have been running, at 2,561,000 bu compared with 2,527,000 bu last week and 2,226,000 bu last year. The visible supply was late in being posted, but the changes in wheat are expected to be moderate in comparison with last year, when there was a large shrinkage. At Chicago there was a slight increase in wheat stocks, bringing the total up to 9,685,000 bu. Chicago rye stocks decreased moderately, the disappearance totaling 166,000, but this still leaves nearly 10 million bu in this market.

Swings were erratic, and while there were recoveries from early breaks, there was not the same buying enthusiasm that we had last Saturday. The December delivery was the strongest and advanced 5/8¢ per bu, while the deferred months were 1/4 to 3/4¢ lower.

With frosts failing to materialize, corn was somewhat indifferent, and bookings were fairly heavy, industries apparently still willing to pay ceiling prices where billing carried favorable tonnage.

Rye was inclined to be weaker, although nobody seems to be pressing the short side of the market, and whenever the leading cereal advanced, there was some sympathetic buying or covering.

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CHICAGO, 4

October 3, 1944

The Bureau of Agricultural Economics, in its recent survey on "Demand and Price Situation," points out that the present high level of demand for farm products is likely to continue as long as the war lasts in both Europe and Asia. However, within a few months after end of hostilities in Europe, there may well be substantial changes in the general business situation and in the outlook for farm products. They point out that a substantial part of the present payments for overtime work will end with the decline in industrial production. Overtime wages in 1943 amounted to $12 billion, or 13% of all non-agricultural wages and salaries. Also the declines in production and employment are likely to be the greatest in those industries where average wages are now highest. Of course, it is altogether likely that the civilian demand will be maintained at a fairly high level, in spite of the decline in non-agricultural income. This is due in part to savings which have increased during the war, and which are probably several times over the pre-war level. Furthermore, there will be need for food and other farm products by foreign countries, which for a time may help to maintain agricultural exports at generally high levels. Nevertheless, in looking further ahead we must always bear in mind that American and British farmers have boosted production far past pre-war levels. As pointed out by one of our Congressmen, it has been a magnificent performance, but then he asks the question, What will happen when the war ends?

The problem is not a simple one, and commands the attention of the best minds. Dr. Joseph S. Davis, Director of the Food Research Institute at Stanford, poses this question: "Shall we again resort to restrictionist devices, and deliberately turn abundance into scarcity, on a larger scale than before the war? Or shall we do our utmost to have the world's productive powers amply utilized for the benefit of the world's people? Neither fork of the road ahead will be easy to follow, but the common sense of mankind clearly tells us which fork to choose."

When our market opened this morning, there was no special feature. Rains were again reported in the Southwest, and over portions of the Central States. This may not be particularly good for maturing corn, but it certainly is beneficial for winter wheat, where a fairly large percentage has already been sown. The Santa Fe report, which was issued yesterday, was quite optimistic, and with this additional precipitation, it is probably safe to figure that wheat is getting off to a very good start. No frost was reported in the corn belt, and none is indicated for the next twenty-four hours; so from that point of view it looks like a rather normal season, as the average killing frost in our part of the country occurs about October 8th. Fortunately, the cold weather which was forecast last Saturday did not materialize.

We believe that whatever speculation is taking place in wheat is mostly on the constructive side of the market. With government support, and intimations that the levels will be raised from time to time, very little pressure is being exerted either by traders or by farmers in their selling operations. This makes the market technically weaker in the event that unexpected war news might cause a shake-out, but on the other hand, breaks probably will not extend far, so long as the government seems intent upon procuring parity levels for producers. Primary receipts were somewhat larger, amounting to 3,082,000 bu. This compared with 2,950,000 bu last week and 2,138,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 394,000 bu.

There was a little more cash wheat offered in the Southwest, but yet pressure was very light and at no time did values recede much below the previous close. Firmness was in evidence, despite a little short selling from time to time, and last values showed advances of 3/8 to 3/4¢ per bu.

May rye was quite weak at one time but recovered. The December delivery went to 1¢ premium over May, and it seems that the cash holdings are still tightly held and longs are apparently not showing any inclination to liquidate.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 4, 1944.

There must have been considerable flour business again overnight. Hedges were covered in various markets, and again Minneapolis was conspicuous, with their initial advances amounting to nearly 1 1/2¢ a bu. Some observers believe that the urgent business has now been put through and that additional orders may taper off for the balance of the month, but this remains to be seen.

Advices from Washington indicate that OPA is considering a raise in the wheat ceiling, and that possibly an announcement will be forthcoming within ten days. Most people are sympathetic with this increase inthe Southwest in order that wheat under loan may be profitably redeemed, but on the other hand they also feel that the proper freight differentials between markets must be maintained, and a corresponding raise should be permitted in Chicago to avoid congestion in the event that we have to draw on outside markets later on for supplies on the various delivery months. There was also some intimation, according to the Chicago Journal of Commerce, that a purchase program for corn might be adopted similar to that for wheat. Nobody can be sure although we understand that at the OPA meetings to be held in Chicago Friday and Saturday only questions of mechanics will be taken up in connection with corn ceilings and that OPA will not consider any changes in the general policy.

Sentiment, which was not particularly bullish when wheat was $1.47, has undergone a great change, and today we find practically no one willing to make a bearish commitment, even though we have had sharp advances in price. Of course, when we see that our government is willing to hike support prices for wheat, from time to time to raise ceilings, and even go so far as to furnish a support program for sauerkraut, we never can be sure whqt is apt to come next. Just yesterday, the Department announced the details of this program, making specified payments to packers to reimburse them on any civilian sales below the appropriate support levels based on $12 per ton for cabbage in fulfillment of the March 4th commitment to support this year's kraut cabbage crop at $12 per tone to growers. Probably never before in history has there been such a concerted effort to prevent recessions for various agricultural commodities, and as we glance over the voluminous Washington literature which comes over the writer's desk each week, we feel that the farmer of tomorrow may have to spend a good deal of his time studying the various programs in addition to carrying out his regular agricultural duties.

Primary receipts of wheat today were smaller, and amounted to only 1,820,000 bu compared with 2,594,000 bu last week, and 1,461,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 477,000 bu.

In addition to the various support programs which confronted traders here, there was also an item from Canada which caused a bullish feeling in oats. It seems the Canadian government is restricting exports by any individual shipper to 25,000 bu per day. This, we understand is due to the shortage of cars, but it was felt that shipments to the United States might become smaller. The President stated that in addition to substantial quantities of food and clothing which had already been shipped into Italy that about 150,000 tons, or more than 5 million bu wheat and flour were scheduled for shipment. This also may have imparted some strength to the market. It was a day when practically all cereals were in demand, even rye shared to some extent. While the cash demand is not particularly urgent, it is also a fact that pressure from farmers is light, and visible stocks are decreasing each week.

Several new crop highs were made in today's market, but best prices of the day were not maintained, as there was considerable profit-taking, and we saw evidence of hedging, presumably against a little freer movement of wheat both Northwest and Southwest.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 5, 1944.

Statistical data has not had much prominence in the last several weeks, for the obvious reason that so much depended upon the various programs which were being formulated at Washington, or in some cases revisions were being considered on older orders already in force. It becomes increasingly difficult to have very pronounced views when the fundamental conditions are bearish, and when our government seems intent, not only to hold agricultural levels, but in some instances even to raise them from time to time in order to attain parity.

One of the private experts published his October estimates this morning but they were more or less in line with the last government report. A slight reduction in corn prospects was made, although not enough to be important. There is never a change in the estimate for winter wheat during the month of October, but spring wheat estimates are generally given, and we believe that the crop is probably well enough along now so that either upward or downward revisions will not be necessary when the final estimates are made in December. Therefore, it is safe to assume now that a spring wheat crop of 325 million bu has about been harvested, but this is very large in comparison with the ten-year average, 1933-42, when we raised only 190 million bu. Of course, those years covered the drought period and may not be indicative of what we can really produce in this country. Nevertheless, we did live through that period, and there was generally enough wheat for all purposes, although there were times when we imported rather heavily from Canada, and on other occasions our exports fell to rather small proportions. In any case we are dealing this year with the largest wheat crop in the history of our country. Ordinarily one would expect only moderate prices in view of the large carryover, but not so with the present guarantee that the return to farmers will be maintained, and even before knowing what the conditions will be in the two post-war years, we are already committed to saying that further stabilization shall take place regardless of any secondary consequences. In view of the fact that price advances have been rather sharp in recent sessions, a natural reaction today was quite in order. There was no pronounced selling, and we doubt very much whether any drastic declines are likely so long as the government is willing to pay $1.57 per bu at Chicago, and the same relative scale in other markets to carry out its support program.

There seems to be a little freer movement of wheat both Northwest and Southwest, although the amount of hedging is still relatively small, possibly due to the fact that the recent increase in flour subsidy rates has encouraged a large flour business. For the present there are probably more hedges being taken out of the market than are being put in.

The weather remains altogether favorable. There was additional moisture Southwest, and the winter wheat crop is certainly getting off to a wonderful start. In the corn belt temperatures are very moderate; in fact, we might also say rather high for this time of year, so that a good deal of the crop is unquestionably out of danger. It looks as though the average killing frost for this part of the country would come a little later than usual, and since the crop was a little late, this is probably a favorable omen for the farmer.

Primary receipts of wheat amounted to 2,175,000 bu compared with 2,331,000 bu last week, and 1,433,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 602,000 bu. We are gradually catching up with last year's visible supply and considering that a year ago there were decreases each week, it looks as though our total stocks would soon exceed those of 1943.

As was mentioned above, there was a little profit-taking today, although not much short selling, and the recession was very orderly considering the sharp advances which we have had. However, based on the knowledge that government support will continue, nobody seems very aggressive. Last prices showed declines of 1 1/4 to 2 1/4¢ per bu.

Other grains moved much in sympathy with the leading cereal. Oats, corn, and rye showed moderate declines, and in all pits the nearby deliveries are selling at a premium over the deferred months. Apparently it is not a year of carrying charges despite big yields.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 6, 1944.

The status of the American farmer has never been better. In 1943 cash income had risen to about 2 3/4 times the level of 1935-39, and the total cash receipts from farm marketings for the first eight months of this year amounted to about 11,968 million dollars, which was 8% greater than for the same period of 1943. Incomes from crops increased 10% above last year, and receipts from livestock and livestock products showed a gain of 6%. The 11% gain in receipts from meat animals reflects the much larger volume of cattle, calves, and hogs slaughtered during this year than in the same period a year ago. It is now the hope and intention of our government to establish more or less stabilized prices insofar as possible in order that these peak levels will continue, not only for the duration of the war, but for two years after hostilities have ended. Through various means we have also improved the status of our feeding situation. Production of the four principal feed grains during 1944, on basis of the last government report, is expected to total 117 million tons, which is 2 million tons more than in 1943, and only about 5.5 million tons less than the all-time record 1942 production. Total supplies of feed grains for the 1944-45 feed year are estimated at 129.3 million tons. This would be about the third largest on record. Supplies may be 13 to 15% larger per animal unit on farms January first than in 1943-44, and about equal to the five-year average during the period 1938-42.

Late yesterday, it was announced that the Australian wheat crop was a near failure, with production estimated at only 50 million bu. The weather has been very poor for wheat, and drought conditions prevail in Victoria, South New South Wales, and parts of South Australia; elsewhere conditions are better, but this late estimate for the Commonwealth is the lowest for twenty-five years, and compares with an average of 178 million bu for the ten-year period ended 1940. Reserve stocks are reasonably large, and according to the Canadian Trade Commissioner at Melbourne, they had 122 million bu of wheat on hand September 1st. In spite of all these conditions, wheat which is being sold for flour in local consumptive channels, costs only 69¢ per bu, plus 22¢ sales tax. When it is used for the manufacture of breakfast food, it brings only 69¢ per bu, with no sales tax. The export market is somewhat higher, and recent sales to Mexico were on basis of $1.08 per bu, and to Peru $1.22 per bu.

It is rather interesting to note that despite the great shortage of freight cars in Canada that since August 1st we have imported 28 million bu of wheat from that country, more than 16 million bu of oats, and slightly over 5 million bu of barley. Because of the permit system rye shipments have been rather small --only 636,000 bu, but we are convinced that with a fair-sized crop and carryover, the amounts would be larger except for restrictions, and may even increase before the end of the season. Since July 1st, or for 13 weeks, which is just one-quarter of the season, our exports of wheat are estimated at 26 1/2 million bu.

Primary receipts of wheat amounted to 2,871,000 bu compared with 3,110,000 bu last week, and 1,600,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 757,000 bu. If there is a decrease in the visible supply on Monday it will be very small; a year ago it was slightly over 6 million bu.

After mid-session Kansas City wheat was offered at about 1¢ under the ceiling. This was the first time in many days that a recession had taken place. It caused a little more bearish feeling, and prices, which were steady early, yielded some ground, with declines at the close amounting to 1¢ per bu. There was a little milling trade, but it seems to be on a much slower scale now.

Rye was under pressure from time to time; the fundamental situation as we see it is bearish. Probably the only thing which prevents sharper declines is the relative stability of wheat.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 9, 1944.

For the past twenty-four hours, telephone communications between Stockholm and Germany have been broken, and while telephone lines continued normal, there is some speculation over the developments inside Germany. In the past this often came about because the Nazis were anxious to prevent news of events inside the Reich from leaking to the outside world; therefore, it is not regarded as overly important, although there has beensome talk of another officers' revolt, but this is without confirmation.

When our market opened this morning, prices were quite weak, and there was no particular reason except that buying power was feeble, and it seems rather difficult to arouse much enthusiasm on the constructive side of the market, so long as prices are fairly close to ceiling levels. The war news is mostly favorable. A powerful new Russian offensive has been started, and Associated Press dispatches believe that about fifteen German divisions north of Memel have been cut off. Soviet columns invading Hungary from Rumania are now reported within 72 miles of Budapest. With the possibility that the European phase of the war may be over before the end of the year, there are always considerations by grain traders to some of the more deflationary aspects, although these are curbed by the knowledge that price support is ever present. Unfortunately, the program is not being administered in the fear of low prices being reached, but rather we have insisted on high and still higher farm prices, regardless of the urgent need for holding inflation in check. Under such a setup, we must only figure on eventual accumulations of grain, and in particular wheat.

The Secretary of Agriculture has made the following statement: "Indiscriminate dumping of large amounts of agricultural products on foreign markets would soon lead to retaliation and new and more restrictive trade barriers. The most promising long-term solution of the export problem for farm products lies, it seems to me, in co-operation with other exporting and consuming nations to increase world consumption and assure each exporting nation of its fair share of world markets. An example of this type of action is the international wheat agreement, to which this country is a party. Such agreements, of course, should fit into a general framework for increasing world trade."

The Big Four Powers gave detailed, but incomplete, plans for maintaining peace by force, and while the result of the Dumbarton Oaks Conference had been somewhat anticipated, the tentative details have now been announced by the United Nations diplomats, but this caused no stir in grain circles. At this writing the economic features are not fully publicized.

There was a frost reported in the northwestern section of Iowa, and with lower temperatures prevalent, it is quite likely that there will be frost tonight rather wide-spread throughout the corn belt. Coming at this period of the year, it is about seasonal, and will probably do more good than harm.

All production restrictions which had been imposed on local industries were rescinded September 25th, and it now makes it possible for the wet processors to step-up their grind to full capacity. The flour demand which a week ago was very active has shown signs of receding. The subsidy payments to flour mills will be uniform for all types of wheat in all areas October 11. The first rate of payment will be 17¢ per bu for the balance of October, and then will be stepped up to 18¢ per bu for November, while in December it will rule at 19¢ per bu.

The primary movement of wheat amounted to 2,247,000 bu, which was not much different from last week or last year. There was a small increase in the visible supply of wheat. Total stocks now amount to 167 million bu, and for the first time on this crop supplies are larger than a year ago by nearly 5 million bu.

The rye visible decreased about 1/2 million bu, and since distillers are required by mandate to use 10% of this cereal in their mix, it is beginning to have its effect upon supplies, particularly with the small movement from the country. Also there are no imports of consequence from Canada. Believe this rallied rye prices at the last.

Wheat also rallied fractionally, but closed nearly 2¢ per bu lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 10, 1944.

The Conference at Dumbarton Oaks has recommended the establishment of anEconomic and Social Council, "With the view to the creation of conditions of stability and well being which are necessary for peaceful and friendly relations among nations, the organization should facilitate solutions of international economic, social, and other humanitarian problems and promote respect for human rights and fundamental freedoms." The Council is to consist of 18 members of the organization. If finally adopted the work of the Council will be carefully watched as to its effect on international relationships.

During the 1930's, when all countries were confronted with economic difficulties, individual nations tried to face their own problems without any regard to world effect. We went through the period when marginal producing countries attempted to become self-sufficient through invoking extremely high tariffs, and the attempt to bar foreign products. On the other hand, the exporting nations resorted to subsidies, which in the blunt sense of the word is "dumping," and which increased international woes. If we are going to have a world at peace for generations to come, we must find a common ground on which exporting and importing nations can have freer exchange of goods. Every action has its reaction; therefore, when artificial stimulants are used, the penalty must finally be paid. In the United States, we originally started with a loan program on six basic agricultural commodities to prevent any undue depression in prices which meant catastrophe to the farmer. In recent years we have lost sight of the original objective, and the loan rate has been increased from season to season with the view to raising farm prices, despite the fact that in the war economy other attempts have been made to bridle inflation.

Mr. Paul S.Willis spoke before the Grocery Manufactuers of America, and stated that inventory figures indicate there is more food on hand in this country today than at any time in the history of the world. He commented that the amount of food on hand after supplying war requirements is 13% larger than the total amount consumed by the American people in any year in our history, and that there was enough food and stock-pile here for current relief feeding of Europe, with a surplus to meet any unforeseen developments. Mr.Willis further predicted that when our supplies reach a point, as they are rapidly doing, some reduction in prices is bound to result.

There was no overnight development to affect the grain markets, although an easier tone prevailed during most of the session. The labor difficulties of the Kansas City mills were settled overnight, which should possibly lead to some additional mill business, although cash prices in the Southwest were about unchanged. There is a feeling in some quarters that lend-lease buying may enter the market in the near future for a fair quantity of flour, which might temporarily stimulate buying.

Primary receipts today totaled 1,804,000 bu, compared with 3,082,000 bu last week; there are no comparable figures for last year due to a holiday. So far this week Kansas City and Minneapolis stocks show a net increase of 385,000 bu.

There will be a government report issued after the close of the market today, which will show farm stocks, as well as indicated yields of corn, and will give the clue to the price structure of that cereal for the nearby future.

Prices for wheat, corn, and oats were rather indifferent during most of the session. The real strength was in December rye, and it seems to be the consensus that those who have been carrying cash rye for a year or two may hold on to their commitments for a while longer. This might create strength in the nearby delivery, but in any case it had a restraining influence in all pits, and at the close wheat showed fractional gains over the previous session.

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CHICAGO, 4 October 11, 1944

It is very seldom that we have a good crop of corn the same year that bumper wheat yields are harvested, but 1944 was an exception to the rule, and in fact, both crops have established records for all time in history, which after all is quite an accomplishment. But the fact remains that with hybrid seed being used so extensively, even a drought period such as we had last August was not disastrous, as might otherwise have been expected. As a matter of fact, quite the contrary was the case. With satisfactory results also in production of oats and barley, the total of the four major crops is 400 million bu more than last year, and at the same time the number of animals to be fed is smaller, so that the entire feeding situation is a more comfortable one. Foods in general are in good supply, and there will be seasonal increases shortly in such items as poultry and citrus fruits, and continued large supplies of fresh vegetables, liquid milk, and eggs. On the other side of the picture, supplies of meat, butter, cream, and evaporated milk will be somewhat shorter. Also, we have to take into account that the non-civilian demand for meats is so large now that civilian supplies for the rest of this year will be smaller and the quality also available will be lower. A considerable proportion of the better grades and cuts of both beef and pork will not be available for civilians because of the requirements of the armed forces.

While it is still felt that foodstuffs of all kinds are plentiful and that the greatly expanded wartime agricultural production of many commodities will be too large for the home market in the post-war period, there is very little bearish sentiment in grains at the moment owing to the government support program, and this we believe is the main factor, and may remain so as long as an artificial condition prevails. As Mr. Marshall of WFA pointed out in a recent talk, food production this year is expected to be almost 40% above pre-war levels, and after the war, and possibly even after the defeat of Germany, government purchasing will decline considerably, especially procurement for Lend-Lease. In his opinion not even the purchasing for relief needs will offset this decline, as it is intended that the available Lend-Lease supplies and military reserves will be used for relief purposes before any additional buying takes place.

When our market opened, prices were reasonably steady in view of the government report. There seems to be little pressure, and in fact there has been better speculative buying in rye during the past two or three sessions than in some time. Possibly the declines in the visible supply each week have prompted a more bullish feeling. Trade goes on the assumption that the government mandate to use 10% rye in the distillery mash will consume about 10 million bu during the season. We have heard numerous complaints about inefficiency and that it retards operations of those industries which are coping with war orders, but, nevertheless, there is apparently no change in sight, although an overnight increase in the corn estimate of 97 million bu could ease the alcohol program if government officials were willing.

Primary receipts of wheat amounted tol,953,000 bu and compared favorably with last wook, when they amounted to 1,820,000 bu; a year ago for a two-day period they were 3,105,000 bu. Kansas City and Minneapolis stocks so far this week show a net increase of 405,000 bu. As is sometimes the case after a bearish government report, the news seems to be temporarily discounted and prices advanced. Today was the first day of the higher flour subsidy for red wheat millers, and we believe that a fair business must have been put through. This occasioned covering of hedges in December wheat, and the nearby month has gained further on later deliveries. At the last prices were 1/4 to 3/4¢ a bu higher.

Rye was quite strong, and since it seems difficult to get permits to bring Canadian rye here to Chicago, and since there is a concentrated holding of cash, the situation to us appears quite artificial. However, there is also a premium of the December future over May at Minneapolis, indicating that farmers are not selling liberally; in fact, Minneapolis receipts are very light.

Corn in the face of better bookings and the bearish report was also fairly strong.

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CHICAGO, 4 October 13, 1944.

The size of our crops is pretty well established, and very little can happen tochange the final results except possibly for soybeans, which have not all been harvested. With the bumper corn crop and fewer animals to feed, this situation has also been eased, although most of the cash corn now being sold is still commanding ceiling prices. Looking a little further ahead the question of surpluses is bound to become more prominent. Mr.Byrnes, in presenting the picture of European food needs in 1945, has indicated that these may be covered from reserves already accumulated, so that there will not be a heavy drain on next year's food production. For the first six months after the defeat of Germany, he places military and relief requirements at 3,900,000 tons against which he estimates that 6 million tons will be available from the reserves already abroad and elsewhere accumulated. This is exclusive of the wheat needs where the question of ample supplies had never been doubted. Under such conditions, there is less inflationary fear, and the question of runaway or scarcity prices is no longer dreaded. However, the government has embarked upon a program to support prices in order to prevent any serious deflation. About forty farm commodities are now receiving price support in one form or another during the 1944 crop-year, and about twenty more are assured of price support when the war is over. As we all know, the six basic crops will be supported for a time through a loan and various bounty payments, and about fourteen war crops will be supported for at least two full crop-years after both wars are ended. Under this set-up, we cannot hope to have normal markets based on supply and demand, but on the other hand, there are going to be secondary consequences and no one is smart enough to gauge conditions very far ahead.

The last figures announced by CCC indicate that 107 1/2 million bu wheat has been impounded, and this compares with 77 millionbu tied up a year ago. However, the crop raised this year was about 270 million bu larger than its predecessor, and accordingly, we may expect that farmers will lean more on the government, particularly since many of them are so prosperous now that they have no need for cash money derived from the sale of their products, and in fact, a large number have simply taken warehouse receipts, hoping that these will not have to be sold until the next calendar period. If in the meantime a break in the market should take place, they have the assurance that between now and December 31st, they have a "put" and thus can always avail themselves of the loan. This makes for a rather firm market, with no pressure from growers.

In fourteen weeks we have exported about 29 million bu wheat and flour, (this being an estimated figure) and while the quantity is somewhat better than last year, we have imported nearly as much from Canada, although from now on the quantities which we bring in for feeding requirements will probably lessen. On the other hand, oats will undoubtedly come in here in large volume, and we note that another steamer carrying 359,000 bu is enroute to South Chicago.

Primary receipts of wheat amounted to 2,416,000 bu compared with 2,871,000 bu last week, and 1,808,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 475,000 bu. We do not expect much of a decrease in the visible supply next Monday. Last year there was a shrinkage of slightly over 6 million bu.

Some rather interesting figures were given out today by Broomhall, estimating British crop production against 1939. The wheat crop just harvested was 118 million bu vs 61 3/4 million bu at the outbreak of hostilities; the barley crop 81 1/2 million bu vs. 41 1/2 million at that time; oats, 213 1/2 million vs. 140 1/4 million. This shows what a country at war can do when all necessary steps are taken to employ agriculture to the fullest extent, and it leaves some doubt whether in the post-war period they shall return to the old order of things.

Our market was weak at times, and there was more discouragement than lately. At the last there was a loss ranging from 1 1/2 to 1 3/4¢ per bu. The government officials forecast that with a bumper corn crop, a second whiskey holiday would be granted in December. Demands of the synthetic rubber industry for industrial alcohol are reported to be declining, and this is expected to free facilities for whiskey production.

December rye maintained its premium over other months. There is still a very large open interest, and while stocks here are ample, they seem to be concentrated.

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CHICAGO, 4 Oct. 16, 1944.

There was very little grain news over the weekend. It seems, however, that in permitting a whiskey holiday during the month of December, the government is not willing to relax its control over corn, believing that the heavy consumption during the past year has depleted reserve stocks to such an extent that it would be better to have them rebuilt sufficiently in order to take care of more important requirements first. It is figured that while this year's corn crop will be a bumper one, and the yield will be close to 3,200 million bu, the movement to market may be small owing to the scarcity of freight cars; also, a good many farmers seem unwilling to add any to their income tax problems for the balance of the calendar year, and, therefore, it may take a little longer to get accumulations at terminal markets than in other periods. While it seems desirable to relieve the whiskey situation, industrial and food considerations must come first, and with a shortage of labor, there is going to be some delay in the movement, despite the fact that weather at the present time is almost perfect for maturity.

When our market opened, corn was slightly reactionary, and those who had bought the December future last week on the theory that the latent demand would be big did not feel quite so secure, but on the other hand, there was considerable buying of December rye on the theory that rye whiskey might be pushed and that the demand for this cereal would consequently enlarge. If we are not mistaken, when the last liquor holiday prevailed, there was quite a bit of wheat used for alcohol manufacture, and this all helped in the blending process. Therefore, there is no certainty that the quantities of rye consumed will be so heavy, and there is even a chance that imports from Canada will now be permitted. In any case the cash holdings in Chicago are in concentrated hands, and with no inclination on part of longs to sell the situation is rather tight even a month and a half before delivery time. Large crops in this country are not causing much concern, and only in four previous years has corn production exceeded the 3 billion bushel mark; namely, 1906, 1920, 1942, and 1943. Owing to the more extensive use of hybrid seed, we may have more of these large crops in the future than in the past. For the moment feeding operations have slackened and the disappearance of 360 million bu since July 1st is 79 million bu below the similar period last year, although it is 99 million bu above the average for the quarter.

Generally at this time of year, there would be more interest in Southern Hemisphere crop developments. The widespread drought in Australia continues practically unbroken, and the final results are expected to be very poor, although in the Argentine beneficial rains have been received in most sections; therefore, some improvement is in prospect. Despite shipping difficulties, the wheat exports from that country are averaging about 1 1/2 million bu per week. There was also 3/4 million bu corn placed afloat last week, but we are unable to determine the destination; possibly some of it is headed for our country. Since August 1st, Canada has shipped more than 30 million bu wheat to the United States, more than 18 million bu oats, and nearly 7 million bu barley. Another cargo of oats containing 240,000 bu is enroute to Chicago at this time.

Primary receipts of wheat of 2 1/2 million bu were slightly larger than last week, and last year. Chicago wheat stocks increased 146,000 bu for the week, and the total here is 9 3/4 million bu. There was a decrease of 153,000 bu in rye, still leaving 9,614,000 bu in Chicago.

The CCC published new figures on the loan, and it seems that 117 3/4 million bu are now impounded from the 1944 crop. This compares with 85 1/2 million bu a year ago. December rye was very strong, and for a time this had its influence in all pits. The anticipated lend-lease buying of flour has not yet materialized, but possibly some of the first orders may be placed shortly, and it is likely that some hedges will be removed, but we doubt whether volume will be excessive. This business will show up from time to time, but in our opinion, total purchases will be small in comparison with the crop.

At the last wheat prices were unchanged to 1/8¢ per bu higher. Feed grains were barely steady, and the deferred rye futures declined 1/8¢ per bu.

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CHICAGO, 4 October 17, 1944.

Anyone who has followed agricultural developments in this country during the war realizes full well the part which farmers have played in successfully carrying out the program of securing adequate supplies for our soldiers, our civilian needs, and those of Lend-Lease. It is all the more to their credit that with the smallest farm labor force of record they have been able to harvest one of the biggest productions of full crops that this country has ever raised. Despite the utilization of workers from unusual sources, the number of people working on farms October 1st was slightly lower than at the same period last year, and actually 5% less than the five years just prior to the outbreak of the war. At that time, of course, crop production was much smaller than at present. It is figured that there are 11,839,000 persons working on farms, but, of course, the method of computation is not 100% accurate, since anyone who labors two full days in the week is considered a farm worker, and in some cases there are undoubtedly children carrying on the work which was formerly handled by grownups. According to the United States Department of Agriculture Summary, over 75% are unpaid family workers, and this is by far the highest percentage in more than a decade. A decrease of some 6% in the number of hired workers in the past year is about in line with similar declines recorded monthly throughout most of the year, but the point is that the scarcity of competent help, even with relatively high wages, has thrown the burden more and more upon the owners of the farms, and fortunately they have shown their ability to "pull through" in spite of obstacles. It is clear, however, that there was plenty of encouragement to carry on, and the index of farm prices is 325% of the 1910-14 average, an increase of 46 points, or 17% over prices received a year ago, and present levels are 160 points higher than on October 1, 1941, just before Pearl Harbor.

Now that the crops have been accumulated, there is some argument in Washington between WFA and WPB as to whether acreages for 1945 should be reduced. Those in charge of surplus distribution are naturally anxious to lessen the burden right at the source: namely, of having a smaller production, but in view of the fact that war conditions make it highly desirable for big crops, we feel that the latter plan will be followed, and this seems to be the prevalent thought of those who are shaping policies.

There seems to be no pressure from any source. As a matter of fact all spot wheat at Kansas City is selling at ceiling prices, except the very low protein wheat, which is bringing about 1/2 to 1¢ under ceilings. This being the case, it naturally makes one wonder where Chicago will get its supplies if any unusual demand would arise, and at the same time it offers encouragement to speculators when they see that actual users of wheat are already paying as high as they are permitted under OPA.

Primary receipts were just over 2 million bu. This compared with 1,804,000 bu last week and 2,808,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 170,000 bu.

With the nearby positions pretty tightly held, and with the great strength in December rye this morning, some impetus was given to the wheat market, and late in the session it was reported that the CCC may announce an export subsidy program for wheat and flour in about two weeks. This mechanism will make up the difference between high support prices and the actual price obtainable for wheat inthe world markets. For the time being our percentage of the world requirements, as drawn up under the Wheat Agreement, is only 16%, which it is figured would amount to about 72 million bu in any one year. This is not much of a factor,particularly since some quantities are generally taken by Central American countries, due to their proximity, even when there is some disparity in price levels. Nevertheless, without much pressure the least resistance was on the constructive side of the market, and final prices showed advances of 3/4 to 1¢ per bu.

Rye was strong right from the start, and the visible supply this week decreased 1/2 million bu, which makes the total 13 1/2 million bu in all positions, or 8 million bu smaller than a year ago. Without imports from Canada it is possible that the visible will continue to shrink. This is giving encouragement to longs, and with the cash situation tight, buyers seemed to have had the advantage.

Corn was also strong, despite heavy bookings from the country, but it seems that industries purchased their corn with two merchandising charges included. The fact that they had to pay such a high price lent some encouragement to bullish operators. UHLMANN GRAIN CO.

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CHICAGO, 4 October 18, 1944

The carryover feeling in grain was quite bullish, and it seems that sentiment is friendly to wheat on the theory that high prices prevailing for the cash article and a willingness on part of millers and processors to pay ceiling levels at Kansas City is a significant factor These people go on the assumption that cash grain dominates futures, although very often the reverse is the case. We have seen on many occasions that speculators have been successful in anticipating a change, and, therefore, futures have led the way, with cash grain to follow, and this was especially true in declining markets when the producer was not willing to sell at high levels but became scared after recessions occurred. We do not believe that any sharp breaks are in sight so long as government support continues and plans are afoot for subsidizing exports.

However, we do agree with the late Mr. Broomhall, who was convinced that no country was rich enough to subsidize its agriculture indefinitely. When the McNary-Haugen Bill was introduced in the Congress of the United States in 1927, it was twice vetoed by President Coolidge, and he drafted a fourteen-page document in support of his ideas. We quote the following excerpt: "The chief objection to the bill is that it would not benefit the farmer. Whatever may be the temporary influence of arbitrary interference, no one can deny that in the long run prices will be governed by the law of supply and demand. To expect to increase prices and then to maintain them on a higher level by means of a plan which must of necessity increase production while decreasing consumption is to fly in the face of an economic law as well established as any law of nature." He also stated, "Government price-fixing, once started, has alike no justice and no end. It is an economic folly from which this country has every right to be spared." We appreciate that it is highly desirable that our farmers should receive a satisfactory income, but we also believe strongly that in the long run the law of supply and demand must operate. Low prices, which followed the panic of 1929 and subsequent years, were a warning to farmers that they should cut their acreages. However, it was government interference which postponed any such move, although later it became enforced by various governments in exporting countries. As the Corn Trade News of Liverpool points out in a recent issue, "The aim must be to get efficient and maximum distribution, and for this we need first and foremost the restoration of a free international wheat trade; and second, the removal of hindrances to world trade. But until those hindrances are removed, we would deplore a premature return to pre-war acreages. We regard a balanced international supply position as a pre-requisite of trade freedom."

Primary wheat receipts today were slightly smaller at 2,180,000 bu compared with 1,953,000 bu last week, but only 1,739,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 51,000 bu.

Our markets were rather firm this morning, and while the Lend-Lease flour buying has not yet been placed, these purchases are expected at almost any time; the transaction may involve 560,000 sacks, and will be for delivery before December. There was probably some buying of December wheat in anticipation of this business, and with a fairly large outward movement in recent weeks, with the WFA having cleaned up between one and two million sacks of flour on previous commitments, it is altogether likely that we shall hear more of such buying as time progresses.

The weekly weather and crop report from Washington was very favorable. Corn is maturing well in practically all localities. There are a few districts now, especially in western Nebraska, and in parts of Montana and Wyoming, as well as Colorado, where the winter wheat could stand moisture. On the whole the plant seems to be getting off to a very good start. More attention was paid to the great strength in December rye. The open interest is still large, being in excess of 14 1/2 million bu, and unless the WFA permits imports the situation with respect to the nearby delivery may remain tight. Final wheat prices showed advances of 3/8 to 7/8¢ per bu.

There was considerable short covering in rye, and this cereal was very strong. Local sentiment, which sometime back was bearish, is a little more friendly now on the theory that our reserve stocks are being reduced each week.

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CHICAGO, 4

October 19, 1944.

Last week's wheat and flour shipments from the Argentine amounted to nearly 2 1/2 million bu; which was the largest quantity placed afloat since middle of August, and it is now estimated that there is still available for export about 175 million bu. This figure may prove too small, as we do not believe it includes the quantities set aside for fuel, which were not used for that specific purpose. In any case, it compares with about 150 million bu a year ago, and would indicate that even if the coming crop is a little bit smaller, there should be ample supplies on hand to take care of post-war demands. In fifteen weeks of our crop season, the estimated wheat exports are 31 1/2 million bu, and if kept up at the present rate of about 2,400,000 weekly, we would exceed the 72 million bu tentatively agreed as our share when the wheat agreement was drafter between the various nations. Peculiarly enough, since August 1st, we have actually imported more wheat from Canada than we have shipped out, and this figure as published by Sanford Evans shows that 33 3/4 million bu wheat came to this country. In the same period, 20 1/4 million bu oats was shipped to the United States, and a little more than 8 million bu barley, but only about 635,000 bu rye. Under the present permit system, importers are not allowed to handle grains except by government sanction, and we are at a loss to understand why discriminatory action has been taken against rye, while at the same time Canadian wheat shipments to the United States have been 3 million bu greater than last year. Oats imports have exceeded last year's by 6 million and barley shipments were only about 2 million bu smaller.

Sometime back when the rye stocks in this country were pressing on the market, the distillers were given a mandate to use 10% of this cereal in their admixture for alcohol, thus consuming about 10 million bu per year. Since that order was given, the rye crop was estimated successively smaller each month, and the last production figure indicates a yield of only 27 million bu, or about the smallest in years. Still the program has not been altered, even though corn yields have become progressively larger, so that finally the largest crop in history was forecast. At the present rate of rye disappearance, the shrinkage of half a million bu per week is rather substantial, and yet it seems almost impossible for anyone to get a permit to import rye while other cereals are coming in rather freely. It is true that Chicago had built up a large stock of rye, but since it is mostly in concentrated hands and is only available to the trade at big premiums over the future, it is going into consumption very slowly, and it is making it difficult for any legitimate users to get their requirements without paying up. Under these circumstances, and in view of our rye crop being the smallest in many years, the mandate for distillers to continue grinding rye while imports are denied seems rather difficult to comprehend, particularly since we are using shipping facilities for other grains which were raised domestically in greater abundance.

Primary wheat receipts were slightly over the 2 million bu mark; last week was a holiday, a year ago receipts were 1,856,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 96,000 bu.

The long awaited lend-lease flour buying was apparently placed today. This, however, did not cause much stir in markets, possibly for the reason that some of the hedges may have been previously purchased, and in other cases, it is likely that no hedges were bought, owing to the fact that in the Southwest wheat is already selling at the ceiling price, and mills are probably more anxious to buy their cash wheat than to protect themselves through futures. Last prices were 1/8¢ per bu lower to 1/4¢ per bu higher.

In rye there was some selling early prompted by action on part of the CEA asking for individual reports on all net positions of 25,000 bu or more in the December future. This change was from the previous reporting level of 200,000 bu, and refers only to December rye. As the session wore on there was some covering, and re-instatement of lines, and the nearby position still continued at a substantial premium over other months.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 20, 1944.

Terms and conditions are being discussed at Washington for a wheat and flour export program, and some believe that when completed there may be attempts to extend it further in order to ward off any threat of a world price war amongst the large exporting nations. All we can say is that the previous international wheat agreements were never successful.

Lest we forget, it might be well to review the general price levels which existed just prior to the outbreak of the World War in September 1939. Wheat futures at Chicago were selling at 77¢ per bu, corn at about 50¢, oats around 32 1/2¢, and rye at about 47¢ per bu. This, of course, was not a particularly attractive return to the farmer, but let us also review conditions which prevailed at that time. The four major exporting countries had no burdensome supplies. In fact, the average wheat carryover in the five years just prior to the outbreak of hostilities (1935-39) was only 457 million bu. This included reserve stocks of the United States, Canada, Argentina, and Australia. Five years have past, and a world war has taken place of such magnitude that it was sometimes doubted whether there would be sufficient food to take care of our allies, our fighting forces, and our civilian population. In spite of the tremendous demands which have been made, and the enormous quantities which have been fed, also the large amount of wheat which was used for the manufacture of alcohol, quantities which were burned for fuel in the Argentine, where coal was lacking, and the extra amounts used for feeding purposes in Australia, we now have the following situation: Wheat stocks in these four major exporting countries on July 1, 1944, were estimated by the United States Department of Agriculture at 1,170 million bu, which was more than tiwce as much as the 457 million bu for the five-year prewar average. At the same time, present wheat prices in this country are more than twice as high as they were when the war started, and yet we are bending every effort to maintain present levels for a two-year period after both wars have ended. Inspired by our efforts, the other exporting countries are also hoping to maintain a reasonably high level to put agriculture on a better plane than heretofore. With the tremendous international complications, nobody can foretell the outcome, but we would be remiss in our duty if we did not point out the difficulties which might be encountered.

At the present time, Canada is offering her wheat more cheaply to Britain than to other friendly countries, and while it is possible that a 40¢ subsidy would be necessary to get U. S. wheat into England on a competitive basis, we call attention to the fact that most neutral countries are paying on basis of $1.39 Fort William and Port Arthur for No. 3 Manitoba wheat. Taking the discount for Canadian funds, it makes the price in our currency about $1.25; various charges to the seaboard make the price $1.48 FOB Atlantic compared toa price of about $1.70 for our No. 2 hard FOB Galveston. In other words, a difference of about 22¢ a bu, which would be about the subsidy price if we wanted to compete. As we pointed out recently, our present exports are on a fairly heavy scale, and from present indications, it looks as though we might clear 100 million bu for the season, which of course includes those quantities which we are shipping for lend-lease and the requirements of the armed forces overseas.

Primary receipts of wheat amounted to 1,925,000 bu; this compared with 2,416,000 bu last week, and 1,711,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 126,000 bu. We are not looking forward to much of a shrinkage in the visible on Monday; a year ago it decreased nearly 3 1/2 million bu.

Wheat was independently weak today, even when other cereals were firm and higher. Rye at one time displayed great strength, but a news agency in New York claims to have information that permits were issued to a merchandiser to bring some Canadian rye to Chicago under certain restrictions. First, the grain cannot stay here for more than 30 days, and it cannot be delivered on futures contracts. It was also said that the WFA would only issue further permits when this first rye was sold to consumers. It had some market effect, and reactions occurred, although the December future still is bringing a big premium over other months, and the open interest declines but slowly.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 23, 1944.

There was very little grain news over the week-end. Weather was mostly fair, and while there are some complaints that it is too dry in western sections for the start of the winter wheat crop, it has certainly been ideal for corn, and even the frosts that occurred during the week were apparently not damaging, and no reports of any heavy injury were received. In the Ohio Valley sections, corn is now drying satisfactorily, with picking and husking begun, and in Iowa the week was almost perfect for drying of corn, with scattdred reports of husking in the northern part, but the crop is still too wet for safe cribbing.

In spite of all this, bookings have been rather light, but it cannot be forgotten that the carryover stocks are small, and, furthermore, the farmer at this particular time more than in other years is affected by income tax considerations, and we may not have heavy bookings until after the turn of the year. Moreover, the car shortage is a factor, and with these considerations it is not surprising that December maintains a fair premium over other months.

There was a front-page article in the Chicago Journal of Commerce this morning dealing with the rye holdings of the General Foods Corporation. It has been privately estimated that they own about 9 million bu cash rye here in Chicago, which, if correct, constitutes almost the entire stock that is held here. Furthermore, it would be about one-third of what was raised, since our crop was not particularly big and total production is estimated at only about 27 million bu. One of the officials of the company commented that their policy at the present time was the same as that which had been in force for the past sixty days. In other words, they were offering their rye to processors or distillers as they needed it at the market. He also said that there was no effort on part of the company to dispose of its entire rye holdings at a fixed price. We believe that several million bu which was held here in Chicago had been previously liquidated, but, of course, when any one company holds practically all the stocks they make the market, and we understand that the plump rye has been offered at premiums of 9 to 11¢ over December, and ordinary rye at possibly 3 to 5¢ over December. In many years ordinary cash rye at this time sells closer to the December future and might even be sold at a discount in view of carrying charges. The fact of the matter is that Chicago rye stocks are going down rather slowly, possibly at the rate of 125 to 150,000 bu per week, and with imports from Canada greatly restricted, it would seem that present holders are in a more favorable position than merchandisers who ordinarily would find it to their advantage to import rye, particularly at a time when there is a mandate to distillers that a certain quantity should be used in the alcohol program.

We wish to correct an error in one of last week's letters referring to #3 Manitoba wheat for export. It was correct that a low price prevailed when this class of wheat was sold to the British Commission. The regular price for other types was $1.39, Canadian funds, Ft.William and Port Arthur, as we mentioned. However, in figuring rates to the seaboard we used the domestic rail rate instead of the eastern export tariff; therefore, basis American funds, the price at the seaboard to the exporter would be $1.41 1/2 instead of $1.38, as we stated. What happened was that we used the domestic rail rate from Buffalo to New Yor in making our calculations, and for this mistake we offer our apology. It is also possible that re-offers might be below this price, and that sometimes happens.

Primary receipts of slightly over 2 million bu compared with 2 1/2 million bu last week, and about the same last year. When the visible supply of wheat was posted it showed a decrease of 1,721,000 bu, making total stocks in all positions 163,851,000 bu, or an increase of 11 1/4 million bu over last year. Total rye stocks decreased 252,000 bu, of which 136,000 bu was the loss here at Chicago, leaving about 9 1/2 million bu at this market.

Wheat was rather indifferent, and somewhat reactionary. Minneapolis December wheat was weak, but at times our markets firmed on the strength in rye. Part of the latter may have been based upon the government's decision for distillers in the East to convert from the usage of molasses to grain by January 1st, and it is figured that owing to the shortage of sugar, and the fact that grain is more plentiful, this change has been ordered.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 24, 1944.

We have not heard of any flour business of consequence in some time, although the millers are of the opinion that during the first week in December it will become more active. In the meantime, with very few hedges withdrawn, futures have been rather indifferent, and even when rye showed strength it was noticeable that little attention was paid to the leading cereal. This morning, there was a little spurt when a report circulated on the floor, which apparently originated with the Bureau of National Affairs. It stated that through two directives, Mr. Vinson had given his formal approval to WFA for pushing prices for 1944 wheat and cotton to parity levels. We do not know exactly what interpretation to place on this statement, but we do realize that ever since early September, and even before, plans were being made to carry out the provisions of the Stabilization Extension Act. This reference is to the three worlds, "all lawful action," in an effort to assure parity returns for farmers. Before that time, it was generally conceded that the farmer was about getting the parity level in view of the fact that he had the benefit of a 90% parity loan, and in addition to that he was getting various other bounties, such as soil conservation payments, parity payments, etc., which presumably made up the difference. As matters now stand, if full parity is expressed in the price and the other payments are also made, the producer would actually get more than we believe was originally intended. However, it is now planned that through subsidies, the domestic price can be maintained at a high level, and while the final program has not been drafted, it probably means that for wheat a 35 to 40¢ subsidy will be granted, depending on how much loss is necessary to get our wheat into foreign consumption. Likewise, a similar plan for cotton is expected and that would mean a loss to the government of about 4¢. Whether or not the support prices will actually be lifted, we do not know, but there, again, it was claimed that from time to time higher prices might be paid, although at the moment the government is only willing to buy wheat at Chicago on basis of $1.57 a bu, which is considerably under the market. Therefore, such support is only psychological and is not having a direct bearing upon our daily fluctuations.

There is still a great deal of interest in rye, and if larger quantities of grain are needed by the distillers for the manufacture of alcohol, the 10% mandate for rye to be ground in the mash will, of course, increase consumption. To what extent the December liquor holiday will be an influence is difficult to tell. Unquestionably some rye will thus be used, although in peacetime, we generally figure that it takes about 10 million bu rye for the manufacture of rye whiskey, and we doubt whether the two holidays during 1944 will require anything like peacetime consumption. Owing to the fact that the yield this season was 32% below the ten-year average (1933-42) we can hardly reconcile the government's attitude in asking for this admixture in the alcohol program, particularly since the distillers have claimed that it was inefficient. Also, we do not understand why there is such a restriction upon imports as compared with last year, at which time 8 1/2 million bu was received from Canada. We started the present season with about 20 million bu less crop and carryover than a year earlier, although we feel confident that the disappearance for feed will be considerably smaller, and last year's total usage was in excess of 55 million bu, which was probably a record for all time, although the shortage of corn and other feeds was an important factor.

Primary receipts of wheat were just over 2 million bu, and in that respect hardly differed from last week or last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 16,000 bu.

Markets were rather firm during most of the session. Oats came into the limelight, and lead the whole list higher. While there is no urgent demand, it seems the Canadian government is giving preference to the movement of wheat, and this is at the expense of other grains, such as oats and barley. Accordingly, with local buying here this morning, all futures were sharply higher.

Rye also moved into new high ground for the present turn; there was some profit-taking from time to time, but buying orders predominated, and the feeling is quite bullish.

Wheat futures were not all quite uniformly strong; for quite a while the July lagged, but the close was higher for all months; advances ranging from 3/8 to 1¢ per bu. Corn bookings were a little heavier, 150,000 bu being reported. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 25, 1944.

It has been known in grain circles for some time that the redemption program which was under consideration paved the way for a slight premium being paid to farmers, so that next May when the defaults might ordinarily take place, the government stood willing to take the wheat at a premium of 15¢ per bu over the loan price, but would ask that the accumulated charges of elevator expense plus interest be deducted from this premium. In other words, 12 1/2¢ is about what it costs when wheat remains in terminal warehouses for more than six months, figuring the interest at about 3¢ per bu. On this basis, the producer gets about 2 1/2¢ per bu more than otherwise, but on farm loans it figures out somewhat more advantageously. The story had been circulating for so long that we were quite surprised that it had much market effect today when confirmation came from Washington. It is probably more likely that the market hit a pocket. There was very little pressure, and with some buying orders to be filled, first wheat prices were at an advance of about 1 1/2¢ per bu, but at that point there was liquidation and reactions occurred. There are some in the trade who believe that the government support level may also be raised as time goes on. This has been promised, or at least it was stated that from time to time a higher level would prevail. At the moment the support price at Chicago is $1.57 a bu. We doubt whether the advance will be more than a few cents at best, owing to the fact that any higher price would give greater advantage to the non-cooperating farmers than to those producers who were cooperating. Thus we do not see anything in the program that is particularly new or stimulating.

Of course, there are other factors, and between now and December 31st, a good deal of wheat will go into the loan. The last figure that shows the total impoundings to middle of October indicates that 129 million bu is now tied up. At the same date last year only 94 million bu was frozen, but we have always felt in this business that it is a great mistake to make comparisons with just one year. Going back two years, when 406 million bu was frozen at the peak, there was already 241 million bu impounded as of this date. Therefore, it is quite obvious that the price is a very important factor, and has much to do with the quantities that are placed under the loan. Possibly one reason that the amount is so large this year is that the government for the past month or two has been promising a higher ceiling, and while the advance may be only a few cents a bu, there seems to be more or less of an inducement to producers to keep their wheat off the market. This likewise may be the reason for some of the tightness in the cash situation Southwest, where practically all grades of wheat are selling at or near ceiling levels.

The government weekly weather and crop report confirmed excellent weather for maturing of corn and in Kansas it is generally dry enough to crib, although in Iowa and Nebraska, further drying is needed. On the other hand rain is wanted in northwest Ohio for germination of wheat; in Kansas moisture is generally ample with wheat making excellent growth. Lack of rain is being felt in western Nebraska and is quite badly needed in most sections from Wyoming and Colorado to the Pacific Coast. Some seeding in those areas has been held up. Seeding of winter wheat is practically completed East of the Rockies. The early-sown has advanced and is up from a good to excellent stand.

Primary receipts of wheat were a little smaller, amounting to 1,820,000 bu; this compared with 2,180,000 bu last week, and 1,699,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 195,000 bu.

After the early firmness in the wheat market, there were some reactions. This was also accelerated to some extent when rye turned reactionary, and it seems that the latter has been going up almost continuously for the past two or three weeks. Therefore, if for no other reason than technical, this was to be expected, and the December future seems to be losing a little ground on the later months.

Corn bookings from the country were heavier, and the leading industry was reported to be temporarily out of the cash market. This also caused some selling in corn and oats, but breaks were not extensive, and all markets seemed to have a fairly good undertone.

Little attention was paid to news from the Philippines, although it looks as though we were scoring major victories over the enemy, and their loss of craft may prove to be significant in the battles ahead.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 26, 1944.

In our opinion there is a good deal of needless worry as to the location of our wheat stocks, and we see no reason to believe from the figures now on hand that the 1944 crop was underestimated. Figures were issued yesterday afternoon showing the amounts held by interior mills and elevators. This showed a reduction of 8 million bu from last year, but we give below the amounts held in various positions, as follows:

	1944	1943
On Farms	546 million bu	519 million bu
Interior Mill & Elevators	202 " "	210 " "
Commercial Visible	199 " "	199 " "
	947 " "	928 " "

From the above, it will be seen that there is 19 million bu more wheat in these three positions than was held at the same period in 1943. We have also overcome a deficiency owing to the fact that the crop and carryover this year was 1,422 million bu while last year it amounted to 1,457 millionbu. In other words we started the season with 35 million bu less wheat on hand, and at the present time have 19 million bu more, so that apparently there is 54 million bu on the credit side of the ledger unless it would be offset by the quantities held by big mills. This figure has not yet been given, but we have reason to believe that there is nearly as much wheat in that position as a year ago when 131 million bu was owned. We also have to consider the quantities held by the CCC. This likewise is a question mark, and we have last year's figure of 54 million bu, but again we see no reason to believe that when the 1944 result is known it will show much of a shrinkage from the previous year. When it is also considered that our exports have been 16 million bu greater, we can account for the big crop that was raised, and believe that when the two unknowns are fitted into the equation, our belief will be confirmed and justified.

In analyzing the large crops of wheat and corn which have just been raised, we assume that the type of seed sown was an important factor. Hybrid corn, according to authoritative sources, increased the yield by about 20%, but in addition to this farmers in 1944 used 85% more fertilizer than in the years 1935-39. The increased lime applications of recent years, large acreages of winter cover crops and improved varieties of many crops, as well as adoption of conservation practices, have all contributed to increased yields per acre. This is all-important in the post-war era, and the future is very bright, particularly when we get average rainfall. Unquestionably the farmers in this country will have the most efficient farm plant in the world, and it is reasonable to expect that a higher level of total agricultural production will be had than in the years before the war. With this in mind, the U. S.Department of Agriculture in many of its publications has repeatedly stressed the absolute dependence of farm prosperity on full urban employment and a high level of international trade.

Primary receipts of wheat were smaller, amounting to 1,685,000 bu; this was practically the same as last year, and compared with 2,090,000 bu last week. Kansas City and Minneapolis stocks so far this week show a total decrease of 314,000 bu.

The reactions which started yesterday continued in today's session. Wheat, which for no apparent reason was so strong at yesterday's opening, showed a little more tendency to ease off, although the December future was comparatively firm, and at one time sold at a premium of nearly 5¢ over the May.

There was no special news in rye, although stop-loss orders were uncovered, and with apparently not many shorts the market at times showed great weakness. Corn weakened on liberal bookings, and the fine weather.

Oats also lost ground in sympathy with other cereals.

When looking at prices in the Argentine, one must always ask what effect this will have upon us when the war is over, and imports become possible on basis of peace-time freights. For some time the Argentine government has been supporting corn prices, at 45¢ per bu in our currency, but this was discontinued on October 20th. The corn crop harvested during April to June was estimated at around 344 million bu. We were also told that the oat price in that country is nominally 22 1/2¢ FOB vessel, and this shows the great comparative cheapness in foreign markets.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct 27, 1944.

Canada began her wheat season with total supplies of nearly 803 million bu. It is difficult to say what the total domestic utilization will be owing to the fact that feeding requirements there are a big issue the same as with us. Ordinarily the domestic consumption for 12 million persons accounts for only 50 million bu; an additional 22 million bu is required for seed on basis of present acreage; and last year 6 million bu was needed for their alcohol program, but by far the largest quantity went into animal consumption with 113 million bu thus utilized. We presume that feeding operations during the coming year will be somewhat decreased, but if we are wrong and the same amounts are needed, the total would be 191 million bu compared with only about 125 million bu in normal times. It is quite apparent, therefore, that with net supplies of 697 million bu, an export program is necessary and we find that in the first twelve weeks of their crop year 53 million bu has left the country compared with about 65 million bu a year ago. Again, the United States is recognized as the best account since about 36 1/4 million bu was destined to the United States, some of the wheat to stay here, although some will undoubtedly be re-shipped to forign lands. We have not only been a good customer of Canada's from point of view of wheat, but have also taken 22 million bu oats, nearly 10 million bu barley, while in rye only about 716,000 bu has come here, although we should not be surprised to see an expansion on rye shipments due to the fact that permits are now being granted for this cereal not for delivery purposes but rather where the grain is purchased for commercial needs.

In the first nine months of 1944, we have ground approximately 6 million bu rye for industrial alcohol, also 85 million bu wheat, 4 million bu corn, 11 million bu malt, and 5 3/4 million bu miscellaneous grains, mostly sorghums, or a total of 112 million bu all grain out of a year's allocation of 158 million bu. Thus it can be seen that the alcohol program is extremely important still, and, therefore, one can readily understand why the second whiskey holiday has been deferred or possibly cancelled entirely. WPB is watching the supply and demand for war alcohol very closely, and claims that as soon as the situation permits some appropriate action will be taken to "quench our thirst." We note that a small cargo just cleared Fort William for Chicago, carrying 106,000 bu rye, and whatever quantities come in will relieve the strain on our domestic supply.

Ordinarily at this time of year, Southern Hemisphere prospects would be very carefully watched, since their competition begins to grow in importance. Hardly any attention is given to this factor, although as we stated previously, further deterioration over wide areas of Australia now has brought the wheat estimates to as low as 50 to 60 million bu. This is a real failure and will hardly be sufficient for domestic needs. In Argentina, excellent rains in early October improved conditions even in the northern areas where heavy damage from drought occurred early. The acreage, however, of 15,390,000 acres is somewhat lower than the first estimate, and compares with 16,917,000 acres last year. As an offset, there is a slight increase in barley and oats acreage, with rye remaining unchanged.

Primary receipts today totaled 2,099,000 bu compared with 1,925,000 bu last week, and 1,639,000 bu same day last year. So far this week Minneapolis and Kansas City stocks show a combined decrease of 389,000 bu, which would indicate a modest decrease in the visible next Monday.

For the first time in some weeks bids today for corn for all shipments were below ceiling prices. The bids we heard were $1.15 for October-November shipment, net to the buyer. This is actually 2¢ below the ceiling, and seemed to cause a little easier feeling in all pits.

Very little interest is being expressed in wheat at the moment, and barring any new developments do not see any decided price changes. At the close wheat was 1/8 to 3/8¢ per bu higher.

During the session there also was no particular interest displayed in any of the coarse grains, and price changes were within rather narrow ranges.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 30, 1944.

In our market letter of October 26th, we cited the amount of wheat on farms, in the commercial visible, and in interior mills and elevators, comparing this with last year, and we mentioned that there was 19 million bu more wheat on hand in those three positions than was held in the same period in 1943. We are now able to bring these statistical data up to date owing to the fact that Washington has published the amount of wheat held by the CCC, which at the present time amounts to 22 million bu vs. 54 million last year. They also show the amount of wheat held by merchant mills, and there is nearly 136 million bu on hand compared with 131 million bu last year. From the above we conclude that there is a total of 1,106 million bu wheat in all positions against 1,111 million bu on hand the same date last year. While this is a reduction of 5 million bu, we must also bear in mind that our crop and carryover this year was 35 million bu less, and we have also exported more; therefore, the domestic disappearance for the quarter is smaller. We would say at least 30 million bu less than a year ago, while corn is 82 million bu smaller, all indicative of the reduced feeding operations.

The trade is not paying much attention to news of this character. Everyone is fully prepared for diminished consumption of grains for feed, and last year was rather the exception when for the first time in history practically as much wheat went for animal consumption as for humans. Likewise, it was a year when more corn was consumed than was raised, and this is particularly significant because we had a bumper yield. In any case, with 15 to 20% fewer animals, feeding operations will be less strained, and we believe that in the months to come that this will all be reflected in the supply picture.

A few weeks ago at the request of Britain and America, the UNRRA decided to extend immediate aid to Italy. This may help to meet the really appalling food position and the shortages of every kind of essential supplies in Italy. There may be similar questions arising for other countries, although it is quite surprising that in France wheat prospects are excellent, despite the fighting, and harvesting operations went forward with little difficulty. The quality of the crop is described as very good, and a private estimate of production makes the yield 331 million bu, which is large enough to satisfy all French requirements. Before the war, the wheat crop in France varied from 280 to 368 million bu. Thus it is seen that even without supplements from Africa, it may not be necessary to import wheat from America or from other surplus nations, except possibly to take care of the armed forces.

Primaries were nearly 2 million bu, practically the same as last week, and last year. We had the first large decrease in the visible supply of wheat, the shrinkage amounting to 4 1/4 million bu. Stocks in all positions are nearly 160 million bu, or about 10 million bu more than a year ago. The corn visible decreased nearly 1/2 million bu, and there is about six million in the total against 9 million bu last year.

Markets were not particularly active, and it seems that feedgrains were somewhat indifferent. Bookings of corn were fair, but it seems that the car shortage is a very big influence, and with this fine weather there would undoubtedly be a larger movement to terminal markets, except for the inability to get transportation.

Wheat was never very weak, but on the other hand buying power, likewise, was light, and it seems that the milling demand is very dull at the moment, although on the first of November when subsidies increased 1¢ per bu, there undoubtedly will be another spurt. At the last prices showed advances of 1/8¢ per bu except for December which declined 1/8¢ per bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 31, 1944.

According to a Washington dispatch, allocation of feed wheat in the next few months will be drastically curtailed, and even some officials of the War Food Administration believe that at least temporarily allocations may be suspended. This is brought about by two factors: first, the relative abundance of other feedstuffs has relieved the pressure on wheat for that purpose; second, the heavy movement of other crops and the demands for military purposes have made the box car shortage rather acute. Therefore, it might be deemed advisable to relieve the present congestion by diverting cars to other than feed wheat purposes. We have pointed out in many of our letters that we anticipated a considerable lessening in demand for feedstuffs during the present crop-year. For the first three months of the season, the feed wheat sales have totaled 60 million bu, which compares with 125 million for the same period in 1943. There are no figures available yet as to the amount sold in October, but last year 34 million bu was disposed of for feed in October, 28 million bu in November, and 24 million bu in December, or a total of 86 million bu, bringing the total for the first six months of 1943-44 season to 211 million bu. It seems evident there will be more wheat available for human consumption and export, or else to add to the carryover at the end of the season.

Up to and including October 21st, according to government figures, 136 million bu wheat was placed under loans. Comparing this to the crop-year of 1942 (1943 loans were relatively light), 256 million bu was already under the loan on October 24th of that year. Sixty days is now left for the producer to decide whether he will impound his wheat or keep same in free channels. In 1942, impoundings totaled 406 million bu, or in other words slightly over 60% was in the loan by October 24th. If the same rate is maintained this year, it would indicate slightly over 200 million bu that would be impounded on December 31st. However, with the price structure more favorable to the farmer than it was in the 1942-43 crop year, the same proportion may not find its way into the loan, and after the turn of the calendar year, with the reduction as pointed out above in feeding requirements, larger quantities may be available to the free channels of trade.

A great deal of attention is paid by the trade as to the feeding requirements of Europe, not only during the war, but in the immediate post-war era. Much has been said about the decreases of livestock in the subjugated districts. Although very little reliable data has been as yet furnished, we note a recent interesting article on Denmark with reference to the hog situation. In 1939, the hog population of that country was given as 2,724,000 head; while the figures for 1944 show a decline to 2,291,000 head, there has been a considerable increase from the low point reached in 1942 of 1,267,000 head, and in spite of great difficulties some forms of food production are again being built up.

Primary receipts of wheat totaled 2,120,000 bu, which compared with 2,065,000 bu last week, and 2,452,000 bu same day last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 198,000 bu.

Trading in wheat was extremely quiet, and there seems to be nothing in the situation at the moment to attract traders to that cereal. In spite of the fact that there is a possibility that we may add to our surplus at the end of the crop year, the present government support price prevents the placing of any major commitments.

Bids for cash corn during the session were again lowered by 1¢ today, to $1.12 1/4, although doubt if there was much business placed on that basis, and overnight bids now seem to be lower. There was about 225,000 bu corn booked to arrive.

Rye was again subject to selling on part of commission houses. With rye and corn selling so near the same level, do not see the merit to rye at the moment, although we fully realize that the cash supply in Chicago is strongly held, and could cause tightness in the December future.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 1, 1944.

With the law of the land providing for a loan of 90% on certain agricultural products for a period of two years following the cessation of hostilities, it is, of course, not surprising that both major political parties have come out for support prices for agriculture. With most of our commodities ruling so much higher than world prices, it seems to indicate a continuation of subsidies and all that this word implies. It must be rather self-evident to anyone familiar with the situation that having had a program of subsidies for the past ten or twelve years, it cannot be suddenly suspended, but it will behoove whoever is in charge of formulating our agricultural policies for the post-war era to adopt a program which will gradually eliminate the subsidy feature and all that it signifies in the centralization of authority. In the post-war era the leadership of the United States in economic matters will be sought. If through subsidies and unreasonable price supports we maintain an inflated economy at home, we cannot in the nature of things accept the products of countries which are seeking prosperity by selling their wares abroad, and we will close the doors to commercial intercourse with outside countries. Rather we will have to demonstrate that with the help of modern machinery, scientific cultivation, and improved types of seed that we can still profitably produce wheat at a price which would encourage countries to import rather than to rely on home production.

Recently a report was submitted to the Minister for post-war reconstruction in Australia. Speaking of price control of agriculture products, the Commission concluded, "that such devices were not only politically troublesome and financially awkward to the government concerned, but that they also had the psychological effect, when long continued, of discouraging efforts to improve efficiency and remedy faults in the cost structure." Australia is rather hopeful that new markets can be opened up in the Orient. They believe in spite of the fact that India has at times been an exporter, with improved economic conditions that country could be an important market for Australia, and they also have the feeling that China will also play an important part in the importation of wheat. We hope that as soon as it is expedient many of the world controls now existing will be dropped and that we will approach an era of free trade in wheat with an open market. It cannot too often be repeated that an open market does not necessarily mean a low level of prices, but one rather that is remunerative to growers and fair to consumers. As one economist points out, "the great wheat industries of the exporting countries were not built on losses."

The November 1st crop report of the Santa Fe Railroad paints a rather rosy picture for agriculture in the Southwest, commenting that wheat planting is about completed, and while moisture is lacking in some of the northwest sections and a few of the western counties, the new crop is off to a flying start and offering splendid pastures. They also report for Oklahoma and Texas that the start of the new crop has been quite auspicious and that wheat is expected to go into the winter in excellent condition.

According to Washington dispatches, the War Production Board plans to order East Coast distillers to convert from sugar and molasses to grain in the alcohol program as soon as this year's crop is harvested. The Board has indicated that an additional 35 million bu grain will be necessary for this program for 1945, probably mostly wheat. It is contemplated that the agency expects to announce its full plan in about two weeks. Of course, in forecasting the alcohol program for 1945, it would appear that it might be subject to a revision downward, depending on the length of the European war and conditions in the Pacific area.

Primary receipts totaled 1,543,000 bu as compared with 1,820,000 bu last week and 1,735,000 bu on comparable day last year. So far this week Kansas City and Minneapolis wheat visible shows a decrease of 324,000 bu.

Wheat was heavy throughout the session, with locals being the largest sellers early, although toward the end mills were on the selling side, apparently indicating disappointment in the amount of flour business booked with the advance in the subsidy rate. At the close wheat was 1 1/8 to 1 3/8¢ per bu lower.

Bids on cash corn again were lower. Rye suffered from liquidation. With the large hog slaughter it is more evident every day that the demand for feed grains will not be as great as last year.

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CHICAGO, 4 Nov. 2, 1944.

For the past two days the Wheat Industry Advisory Committee, chosen by OPA, met at Washington, but there were no discussions as to the level of ceilings, or even as to the prospect of a slight advance, such as has been suggested recently by Washington dispatches. Rather the question of helping to re-write a new order was undertaken, and the Inudstry Committee by unanimous vote recommended that the present ceiling order, RMPR 487, with certain amendments and revisions would be more acceptable to the trade since we have worked under these regulations for some time even when ceiling prices had been reached. Some inequalities have arisen and steps have already been taken to alleviate hardships in isolated districts, with further suggestions from the trade expected to be given from time to time.

It is generally conceded that with wheat supplies in this country estimated at 1,106 million bu on October 1st, the question of ceilings would hardly be a factor if normal conditions prevailed. However, with government support prices, and more wheat going into the loan, also a good many farmers influenced by income tax considerations, there may be a good deal of wheat withheld for the time being, at least, from normal trade channels. It is peculiar how quickly we forget. In anticipating the carryover supply next July of 300 to 350 million bu, many in the trade minimize such a reserve, which is probably correct psychology, in the event that the bulk of the wheat is impounded or should be defaulted to the CCC. On the other hand, if a large stock is available for normal purposes, even with an increased population it would loom large in comparison with other periods. Before the Farm Board era our average carryover was only 120 million bu. Of course, since that time more storage space has been built, and probably a later period would make a fairer comparison. However, the ten-year average was 235 million bu, and thus with the winter wheat crop getting off to a good start, there is no reason to expect exorbitantly high prices. Naturally, it is too early to forecast the yields for next summer, but when fall weather is propitious and acreages are satisfactory, one might be safe in figuring on a total wheat production of 850 million bu for 1945, including the spring wheat crop. In the crop year ahead while exports may be stepped up to some extent, we figure that the amounts needed for feed and for alcohol might be greatly decreased.

WFA is recommending a continuation of an all-out food production program in 1945. The corn acreage is still a controversial issue, but probably 99 million acres will be recommended, which is the same as this year. The wheat acreage already has been announced at 2 million acres above 1944, while rye acreage has been somewhat increased; a slight reduction will probably be asked for grain sorghums, but it is quite likely that oats and barley plantings will be at about the same level as this year. Even though anticipating the end of the European war, WFA counts on a large demand for military needs, and also some food will be required for relief, etc.

Primary receipts were somewhat smaller at 1,607,000 bu compared with 1,685,000 bu last week, and 1,570,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 638,000 bu.

There was no particular confidence when our market opened, except that a good many people were cautious and felt that after several days' decline technical rallies, if nothing else, were in order. It was also felt that with this decline in corn the movement from the country might temporarily slow up with the freight-car shortage, and also the fact that at these levels farmers may take advantage of the loan. As a matter of fact, the Chicago corn-hog ratio is quite favorable at 12.8, and while somewhat lower than last year is still attractive. We rather feel that until it can be determined how much rye will flow into this country from Canada that caution should be exercised on breaks, and for the time being, therefore, do not see any decisive trend. Final wheat prices were 1/2 to 7/8¢ per bu higher. The milling demand is still from hand to mouth, and in our opinion may remain that way for sometime to come.

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CHICAGO, 4
November 3, 1944

In contrast to the support programs that are in vogue in this country, we should like to call attention to methods employed elsewhere. About a week or so ago, we mentioned in these letters that the Argentine government had discontinued supporting corn prices to producers. They had previously guaranteed them 45¢ per bu in our money, and that program had been in effect since early May of this year. The original order, however, called for sales to the Liquidating Board on only that part of the crop which could not be disposed of on the open market. Meanwhile, sufficient time has been allowed for all surplus supplies to have been sold. The corn crop just harvested was estimated at around 344 million bu.

We have a new set of figures this week showing the imports of Canadian grain since August 1st. There has been nearly 39 million bu wheat, close to 23 million bu oats, 11 million bu barley, and 1 1/4 million bu rye, or a total of 74 1/4 million ~~bu of~~ all grain. Since July 1st, or for a period of seventeen weeks, it is estimated that our wheat exports have amounted to 36 million bu; therefore, we have actually taken more in than has been shipped out, although this statement is not 100% accurate owing to the fact that some Canadian wheat has come to this country in transit and will be re-exported. It is difficult to say where our wheat is all going to. Shipments are at the rate of about 2 1/2 million bu per week. Of course, we know that as countries are rehabilitated, there is bound to be some demand, and the chances are that Italy will require 7 to 14 million bu wheat in order to maintain the present bread and macaroni ration in liberated areas before another harvest. It was, indeed, fortunate that in those areas now under allied control, the wheat crop had turned out so favorably and production is estimated at 121 million bu, a quantity almost sufficient to make them self-sustaining, except for those small quantities just referred to.

In looking at statistics and data of the United Kingdom, official figures have been released on this year's yields. There have certainly been marked increases in crops compared with pre-war estimates. For example, more than 3 million acres were sown to wheat, which is a reduction from last year, but nevertheless is 82.2% greater than the sown acreage in 1939. The crop was 117 million bu compared with 61 million bu in 1939, and although there was unfavorable weather during harvesting, which caused loss to both yield and quality, other results have been extremely satisfactory, as the comparative figures will show:

	OATS	BARLEY	RYE	POTATOES
1944	200,969,000 bu	61,534,000 bu	3,599,000bu	9,859,000 (tons)
1939	131,937,000	41,608,000	39,000	5,216,000

Primary receipts of wheat amounted to 1,846,000 bu compared with 2,099,000 last week and 1,681,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 884,000 bu. We expect a moderate decrease in the visible supply on Monday. It will compare with last year's shrinkage of 3,822,000 bu.

Markets were rather firm and there was short-covering in both wheat and rye. On the other hand, volume was not particularly large, and it is difficult to become very enthusiastic on either side of the market.

According to the Bureau of Agricultural Economics, the 1944-45 domestic supply of feed grains, including corn, oats, barley, and sorghums, is indicated at 130.5 million tons. This is 1% below the supplies of a year ago. However, with fewer numbers of livestock on farms, the present grain supply may be 13 to 15% larger per animal unit on farms. It is also figured that the disappearance of feed grains probably will not be so large this year as in the previous two years, with the result that reserves should be built up from the relatively low level just reached. The quantity of wheat and rye fed will be much smaller than in either of the previous two years, reflecting the improved situation for feed grains. In fact, BAE believes that the quantity of rye fed will amount to only about half of the 29 million bu fed during 1943-44, and probably will be slightly less than in most pre-war years.

Wheat prices showed an advance of 1/8 to 3/8¢ per bu.

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CHICAGO, 4 November 6, 1944.

In normal times there would be great interest in Southern Hemisphere crop developments, particularly as we approach harvest time and the possibility of more liberal shipments in the months ahead. Australia can probably be written off as an exporter of any size due to the fact that prospects for the crop are very poor and the drought was the worst since 1914. Since sown acreage was reduced and about only half the pre-war average, the yield is bound to be very low.

In glancing at the last pamphlet issued by the Office of Foreign Agricultural Relations, we find some rather interesting data contained therein. They say that the surplus of old stock wheat on July 1, 1944 is estimated at around 585 million bu; covering the four major exporting countries. Canada, of course, is the largest holder of these reserves, although Argentina's total surplus is not much smaller. The United States is not much of a factor even though a record crop was raised last summer and a large carryover was on hand. Apparently it is figured that domestic consumption will again be heavy, with rather large amounts required for food and other unusual quantities needed for the manufacture of alcohol. To the figure above-mentioned must be added 275 million bu Canadian wheat, as her crop-year started August 1st, and on basis of 448 million bu raised, she could easily spare that quantity for exports. Likewise, we shall soon have further quantities from the Argentine available for shipment, and probably 50 to 75 million bu will be added to her reserve, which at the present time is quite substantial. In any event, whatever demand springs up must be filled almost entirely by supplies from North America and the Argentine. French North Africa, which on many occasions has been an exporter of wheat, is now on the import side of the ledger, and nothing can be determined definitely with respect to the Danubian countries; a surplus is undoubtedly there, but as to its availability that is another question. As for rye, should there be any important demand from Europe, supplies will likely be furnished by the Argentine, where prices are lower than elsewhere, and especially so since the 1944 harvest was reduced in both Canada and the United States and the more or less concentrated holdings by certain groups suggest that together with the amounts currently being used for alcohol, and possibly some later on for liquor, there will be no large quantities pressing into exporting channels

There was no particular grain news over the week-end. It is pretty generally recognized that while cash wheat and cash corn are rather tightly held, the situation may change after the turn of the year. Wheat farmers will no longer be able to avail themselves of the loan, and may be more marketing-minded when income tax questions are less of a factor. We also feel in corn that there may be some easing of the car shortage later, but in any case futures often point the way in anticipating future events, and with that in mind some bearishness is being expressed, with fewer animals to feed and the prospect of reasonably good reserves for the remainder of the season. This may have more influence finally on farmers' physhology than anything else, but by the same token it can never be forgotten that government support may prevent sharp declines, and, therefore, artificial influences must always be considered.

The visible supply decreased 1,658,000 bu. The total in all positions is 157,959,000 bu vs. 145,784,000 last year. Chicago wheat stocks decreased 143,000 bu, still leaving 8 1/2 million bu here. The Chicago rye stock went down very little, the decrease amounting to only 45,000 bu, with 9,395,000 bu remaining in store. Primary receipts were close to 2 million bu, or practically the same as last week and last year.

After some hesitancy, markets firmed and rye assumed leadership, with some short covering in December, and this future is still tight owing to the concentration of cash holdings. There is still 12 1/4 million bu open interest, and this is being reduced but slowly. At the last wheat prices showed advances of 1/2 to 1 3/4¢ per bu. July and September were very strong. It seems many have the spread on long May wheat and short new-crop positions.

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CHICAGO, 4 Nov. 8, 1944.

The entire nation was discussing election returns, and of course we were asked the question frequently what effect this might have upon grain prices. All that can be said at this time is that it is self-evident that there will be a continuation of administrative policies, particularly with regard to basic commodities. Since it is quite likely that wheat ceilings will be somewhat advanced within a short time, and since it is also possible that the Little Steel Formula will be revised, there was a fair amount of short covering at the opening, with considerable local buying in evidence. There has also been some covering of the deferred months, and while it is likely that non-agricultural incomes will be lower in 1945 than in 1944, nobody can judge whether parity prices next year will be much beneath the present level. There will undoubtedly be a reduction in industrial production following the defeat of Germany, and this in turn may cause a substantial decline in present payments for overtime work. Also there will be some shifting of labor from high-wage to lower-wage industries, but whether this will materially affect the buying power of the country is difficult to state at this time, at least in definite terms.

With this in mind, we feel that the discount of July and September wheat under May is very great, especially since we shall probably have a reserve stock next July of 300 to 325 million bu, or practically as much as we had last July. There are two uncertain factors: namely, the quantity of wheat which we shall export, and the amount to be fed. The government tentatively states that the distribution this year may be about as follows: for food 550 million bu; for seed 83 million; industrial uses 90 million bu, and for feed 275 million bu. Based on these estimates, and allowing for a substantial increase in exports during the current season, they feel that the carryover next July will not be greatly different from the 315 million bu which was brought into the present crop year. When it is considered that in the ten-year pre-war period (1932-41) the annual carryover of old wheat averaged about 235 million bu, and production averaged only 738 million bu, it is obvious that from a statistical point of view there is nothing very bullish. On the other hand, our average domestic disappearance in those ten years was but moderate, and during that time it averaged 677 million bu, of which 479 million bu went for food, only 117 million bu were needed for feed, and 81 million bu for seed. Of course, with this year's large corn crop and fewer animals, the wheat feeding program undoubtedly will decline, and likewise present prices may seem high. The weighted average price to growers advanced from 1939 to the present time as follows: 69¢, 68¢, 94 1/2¢, $1.10, and $1.33 respectively. We do not as yet have complete returns of European production, but the Department of Agriculture feels that it will be somewhat below last year's crop, which was estimated at 1,540 million bu. Shortage of fertilizer and labor, also weather conditions, have limited yields in many cases, not to speak of war operations, which affected the final outturn in at least some areas.

Primary receipts of wheat amounted to 2,309,000 bu compared with 1,543,000 bu last week, and 1,120,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 598,000 bu.

A good deal of the strength came early. This was especially true of oats, which opened considerably higher, and then had a sharp reaction. This cereal is somewhat dependent for its action upon imports from Canada, owing to the fact that there has never been a heavy movement and stocks at terminals are anything but burdensome. Wheat prices were not so easy to boost, and most of the strength came from rye. There was some selling on advances, and there appears to be no special trend at the moment.

Buying in rye was quite general, and with the cash rye here in Chicago pretty tightly held, the December future is strong, which is also having its influence on the later months.

Corn was quite indifferent, bookings from the country were reasonably heavy, and the cash basis was satisfactory to buyers.

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CHICAGO, 4 Nov. 9, 1944.

In ordinary times Britain imports half the wheat which is taken by European countries, but, of course, as long as the war lasts Britain's importance remains even greater. There are very few countries now taking much grain from the surplus nations, although Spain is figuring on about 37 million bu wheat from the Argentine on a certain barter plan, but whether that quantity can be shipped owing to transportation remains to be seen. Canada and the United States are also taking part in furnishing supplies for rehabilitation; and this accounts for the fact that we are able to place about 2,400,000 bu wheat afloat each week, as unquestionably Britain is getting most of her normal supplies from Canada. According to the Minister of Trade and Commerce at Ottawa, the wheat crop in Great Britain was slightly less than last year but will probably amount to 118 million bu. This compares with 61.8 million bu in 1939, showing the great progress that was made due to greater utilization of every available acre made necessary by transportation conditions. Much of the grain from the new crop is damp and must be dried by artificial methods. The admixture of imported flour has been raised to 7 1/2% and it is likely that as wheat supplies become more readily available, the minimum extraction rate will be lowered in order to make bread more palatable. Likewise this factor will increase consumption of wheat in the United Kingdom. There is no indication as yet as to whether acreage will be reduced in 1945, but there is strong sentiment in some quarters in favor of keepin Britain's wheat acreage up in the post-war era as a result of military preparedness.

Shortly before our market opened this morning, we heard through a New York press dispatch that WPB was considering another liquor holiday, probably of a month's duration. This was believed justified in view of more liberal stocks of grain now on hand. Nobody can tell for sure whether corn will be considered in these calculations, but if tomorrow's government report shows another increase in crop production over earlier estimates, we are rather inclined to believe that the chances are favorable. Bookings of corn seem to be quite healthy, and more of a problem is the question of unloading cars when they arrive at elevators here on account of a labor shortage. In any event, the crop is the largest of record, and with fewer animals to feed, we see no reason why marketings will not be substantial, although a loan on farms of 98.1¢ may act as a deterrent if the market should become very weak.

It is generally conceded that the administration's farm program will continue in about the same form as heretofore. This means farm price supports in various forms, and we expect that when Congress reconvenes they will probably appropriate money to carry on the program which have already been voted. According to a Washington dispatch, the heavy outturn of votes for the Republican candidate in mid-western farm States will probably not lead to any change in the war-time farm programs. Of course, these call for continued heavy production of food to meet the needs in the post-war era also. Besides this, support prices have already been voted for a two-year period after both wars have ended. To carry out this guarantee, a $2 billion fund as a starter will probably be necessary, and finally much more.

Primary receipts of wheat were quite good; and amounted to 2,262,000 bu compared with 1,607,000 bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 991,000 bu.

The wheat market was without much trend, although influenced to some extent by weakness in corn, and also in rye. Corn bookings were quite impressive; of course, we have had a wonderful fall, and within bounds the farmers seem willing to sell, particularly since they will not feed as much as last year. This is also having some influence on oats.

Rye was weak after a strong start, and some people are wondering whether the WFA will insist on a 10% admixture of rye in the alcohol program for the entire season. Large corn supplies, they argue, may later bring about a change in order to satisfy distillers who believe that rye is not as efficient as other grains.

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CHICAGO MERCANTILE EX.

November 10, 1944

In Broomhall's last weekly Liverpool letter to reach this country by mail, he makes the following observation: "To maintain the country's standard of living and to provide the wherewithal for wider and more generous social services, we are told that, because we have liquidated our overseas assets, our export trade must be increased to 150 per cent of its pre-war volume. We are not qualified to know, nor do we pretend to know, how this is to be done in a world impoverished by war, but we are persuaded that maximum trade can only come through maximum freedom, by purchasing our raw materials in the most economical way, and by making use of every fair device to assure that our manufacturers are not initially handicapped in arriving at a competitive price. This, of course, involves a restoration of the open market in its widest sense, with full facilities for futures trading. ... Importing countries with their finances impaired, and many of them ravaged by war, will be in no mood or position to subsidize the wheat exporting countries, as provided in the Wheat Agreement."

Shortly before our market opened this morning, the Chairman of the War Production Board was said to have notified the nation's grain beverage distillers that they would be permitted to make liquor again during January. This naturally brought up the question as to what grains might be used and in what quantity. In a later release the Spokesman for the WFA stated that corn would be released for the January liquor holiday, thus permitting manufacture of bourbon whiskey for the first time since the beverage alcohol industry had been converted. We had figured tentatively that if corn had been prohibited for beverage purposes that it might require as much as 2 million bu rye for grinding during January as compared with about one million bushels that is currently being used each month in the industrial alcohol program. Apparently the government feels that in the public interest, and because of the large corn crop that this grain may be used as a medium for whiskey. We would also imagine that by the same token corn rather than rye would be the preferable cereal for manufacturing alcohol. We say this if for no other reason than to save transportation and to aid in alleviating the car shortage, which is probably the worst since World War I. Obviously corn produced in Ohio could be hauled to the doors of the distilleries in Louisville, or shipped to Philadelphia much more easily than rye, which would have to come in many cases from a greater distance. We believe also that the government is fully cognizant of this situation, and we understand that one of the officials of the CCC reported recently that the use of rye for alcohol manufacture originally was recommended because surplus stocks of this grain had accumulated in terminal storage. This, he said, hindered the movement of wheat for the feeding program and interfered with the economical and efficient handling of grain. He went on to say that since this condition no longer existed, CCC was recommending to the War Production Board that distilleries be released from the directive now requiring the use of rye. A small percentage of rye is generally used as a diluent and for flavoring bourbon whiskey, but in normal times only 10 million bu rye is consumed for all alcoholic beverages. Therefore, we do not believe that it is an important factor for the thirty-day liquor program.

Primary receipts of wheat were light, amounting to only 1,183,000 bu compared with 1,846,000 bu last week and 2,186,000 bu last year. Kansas City stocks decreased 667,000 bu so far this week. When the visible supply is posted Monday it will compare with last year's decrease of 1,827,000 bu.

There was some weakness at times in rye due to the many reports emanating from Washington, but the undertone was firm, and there seemed to be very little pressure from any source. Wheat likewise advanced, and the factor there was the government export subsidy, which is apparently making progress. It is considered likely that it may be put into operation before long.

Corn declined early but also recovered. The corn-hog ratio at Chicago was down slightly, at 12.5 vs. 12.8 last week, and 13.4 a year ago.

115,000 bu rye was loaded on a steamer at Ft. William destined for Chicago. It remains to be seen how heavy imports may be between now and close of navigation.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 November 13, 1944.

After the close of the market on Friday, the government issued a revised report on corn, soybeans, and sorghums. Most interesting was the report on corn, indicating a yield of 3,258 million bu, which was an increase of 61 million bu over the previous report, and is a record for all-time. The increase had been somewhat expected, but the crop as a whole is so tremendous that we believe it will make itself felt throughout the entire season. Furthermore, it is extremely important for our section of the country and spells prosperity. One fourth of the total U.S. farm income last year was earned in five of the corn belt States: namely, Ohio, Indiana, Illinois, Iowa, and Missouri. Judging from the recent returns, history may repeat itself during 1944-45. It is also interesting to note that in the last four years land values have increased 36%, and according to the Department of Agriculture, may be approaching a danger point in some areas. On the other hand, livestock values have risen in the same period 86%, while the value of crops has increased 139%. Since 1940, cash farm income rose 119%, or more than $10 billion. It is no wonder, therefore, that producers are enjoying such a period of prosperity, and that farm debt has declined so that farmer-operators' reserves of about $12 billion in cash and other liquid resources are the largest in history. As a matter of fact, inventory of crops and livestock are larger now than they were twenty-five years ago, totaling more than $15 billion on January 1st of this year. This is more than double the figure four years ago. Both quantity and price increases are responsible for this situation.

When our market opened this morning corn prices were slightly lower, and judging from the number of sample bags on the tables, it looked as though we might expect the arrival of nearly 1,000 cars here. This had a slightly bearish significance, insofar as corn was concerned, but wheat prices were rather steady, and the fact that the export subsidy program is nearly ready to be set in operation prevented selling of importance. According to the New York Times, on November 10th, when the new Congress convenes, it will be asked to approve a program authorizing an extension of $5 billion in credits to Britain and other allies of the United States for the purchase of non-war goods during the period between the fall of Germany and the ultimate crushing of Japan. In this proposed legislation, definite provisions for re-payment will be incorporated.

We understand that wheat subsidies will be based largely on Canadian offerings, ignoring for the time being cheaper sales from Southern Hemisphere. The last price which we saw for No. 3 Northern was $1.42 (Canadian currency at Ft. William), or $1.28 U. S. funds. This covered shipments either to the United States or neutrals outside of Britain. Sales to England are made at considerably cheaper prices. Whether this program will have any influence upon Canada is difficult to tell, and even how it will work domestically is difficult to state ahead of time. Argentine, according to private observers, will have a wheat crop in the neighborhood of 200 million bu, a reduction of about 50 million bu from last year, and this will compare with 220 million bu, the five-year average 1935-39. However, the exportable surplus of wheat is placed at 181 million bu vs. 143 million a year ago, so that total supplies do not vary much from 1943.

Wheat primaries over the holiday amounted to 3,626,000 bu, compared with 1,955,000 bu last week, and 1,759,000 bu last year. When the visible supply was posted it showed a decrease of 1 1/2 million bu. Total stocks in all positions are 156 1/2 million, or about 12 1/2 million bu more than a year ago. The visible supply of rye decreased 256,000 bu, of which 120,000 bu was at Chicago, leaving 9 1/4 million bu here.

Markets were rather firm today, with the exception of corn. The deferred months did not change a great deal, but December corn was under pressure, and some of the elevators are finding it difficult to get cars unloaded upon arrival, and then to get corn into the dryers to make it safe for storage. December oats were also quite strong. We note a cargo of 315,000 bu oats was loaded at Fort William destined for South Chicago, which will probably arrive here within a few days. The export subsidy is keeping wheat prices firm, and at the last values were 7/8¢ per bu higher.

Rye was also very firm, and there was nothing new on the alcohol program, nor on the liquor holiday. We figure in our calculations that the quantities needed for liquor manufacture during January will probably not exceed the amount which would have been required for industrial alcohol in same period.

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CHICAGO, 4 Nov. 14, 1944.

In our letter of November 10th, we pointed out some of the obvious disadvantages in using rye for alcohol, particularly with the tremendous corn crop that had been raised. We also mentioned the fact that CCC had recommended to the War Production Board that the distilleries be released from that directive. Some of our friends were a bit dubious, but, nevertheless, we heard late yesterday from a distiller that this requirement had been revoked and that it would no longer be necessary to use a minimum of 10% of rye or granular rye flour in producing alcohol for industrial purposes. This means that distillers may now use grain of their choosing, with the exception of corn, and from what we can learn very little rye will be ground, as it was never efficient, and some of the companies were grinding it only in order to comply with government regulations.

As a matter of fact, rye stocks have decreased considerably during the last twelve months. The visible supply as published yesterday showed that there was 12,900,000 bu in various positions, a reduction of 7 3/4 million bu from a year ago, but in Chicago there is 9,275,000 bu stored, which is actually more than was on hand in the corresponding period of 1943. Apparently the concentration of supplies here has accomplished no particular service, although with the shortage of storage space, it did prevent feed wheat from coming here on various occasions. It also threatened the movement of soybeans to Chicago, and even at the present time there is doubt as to the quantity of corn that may come here to be dried and later released for commercial use. So all-in-all, the restriction requiring the 10% admixture of rye for the alcohol program, which was imposed last June, did not help to reduce the local rye stocks from what they were a year earlier. In addition to this, there were import restrictions with respect to bringing rye to Chicago, except where immediate sales could be effected, and even this did not help materially. So we must only conclude that those who brought about these accumulations were not very successful in their merchandising efforts. Otherwise, their supplies might have been reduced in about the same proportion as our visible supply has declined.

When our market opened rye was slightly lower and wheat was steady. A good many people have in mind that with the export subsidy to become effective tomorrow, there may be larger quantities of wheat shipped from this country. In addition to this, there is considerable talk of huge appropriations from Congress, which is now reconvening, and this seems to have a tendency to prevent any very sharp breaks. However, corn prices were weak, new lows were established for some futures, and at times December corn actually went to a discount under May, which is rather indicative that the picture is quite changed from a few weeks ago, when the nearby month was commanding a premium of about 4¢ a bu over May, and a good many people were fearful that ceiling prices might be reached.

WFA said today that price supports would be needed at least through 1946. Under this arrangement the government would buy up surplus crops to prevent low farm prices. We can hardly understand, with agricultural prosperity at about peak levels, and inflation still feared, why consumers are not given more consideration, but in any event, there is talk that legislation is being sought to raise the limit of Commodity Credit Corporation's borrowing power to $5 billion compared to the present limit of $3 billion. All this had very little effect owing to the fact that rye was being liquidated, and the selling spread to other pits.

The fact that the Gestapo had arrested the Managing Directors of Germany's two greatest banks, causing a panic in Germany's financial circles, may also have been a factor. It seems that the bankers had refused to accept short-term German treasury notes, thus expressing doubt in a German victory. According to the Associated Press story, people stormed the banks to withdraw their deposits, and big industries attempted to cancel their accounts.

Last wheat prices showed a decline of 1 3/8 to 1 7/8¢ per bu Corn, oats, and rye were all lower. Rye was especially weak, as probabl; consumption henceforth will be on a reduced scale.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 15, 1944.

There was very little news overnight. However, after our market closed yesterday, the Dominion Bureau of Statistics raised the Canadian wheat crop to 453 million bu, an increase of about 6 million bu over the first estimate, and this compares with 293 million bu raised last year. It is, indeed, a good quantity of grain, and may prove quite large in view of the fact that the United States will probably import less from Canada this season than we did the previous year; also their exports are more or less limited to Britain during wartime.

Our own export subsidy will become effective after the close of the market tonight. Nobody can say definitely what figures are to be used, nor how well the plan will operate. First of all wheat in the Southwest is pretty tightly held, and we doubt whether offerings will be heavy. Moreover, it is impossible to find out definitely what Europe's requirements are. A few weeks ago, UNRRA estimated that approximately 3 million tons of wheat or rye flour (about 112 million bu) would be needed in Europe during the first six months of liberation. It is, of course, fortunate that the Germans were turned out of France and Belgium, so that systematic looting or wholesale destruction could not be accomplished. However, the situation is very different in Holland and Greece, but at least until such time as the European war ends, we rather believe that the demand will be moderate. One of our very good friends is going to Europe within the next month, and we hope through that source to get a little first-hand information as to the food problems and the general supply picture.

When our market opened wheat prices were rather steady. Between the export subsidy plan, the support program, the CCC loans, and various other factors, there seems to be little pressure at the moment. We find that there is 145 million bu wheat impounded, and this figure looms large in comparison with 107 million bu last year, but when it is considered that two years ago 266 million was tied up, the comparison is less striking.

There was nothing further on the revocation of the rye directive. However, it is generally figured that consumption henceforth will be smaller, Likewise some corn will be used for the manufacture of alcohol, and a joint order by WFA and WPB will permit corn to be released for such purposes when the grain is in danger of spoilage. This is very logical, as we have experienced an extremely wet season, and no hard freezes have occurred. A good deal of corn arriving at various markets is unduly penalized, because of the shortage of labor and the difficulty in getting cars promptly unloaded, so that the grain can be placed in driers. It seems to us that with a bumper crop of corn and sorghums, the government might see fit to finally release all corn for alcohol manufacture. After all, the question of transportation is vital in wartime. Many of the plants are in or tributary to the corn areas, and having raised a crop of 3,258 million bu compared with a ten-year average of 2,369 million bu, it is quite obvious that with a reduction of 15 to 20% in feeding, the situation since last year is vastly changed.

Primary receipts of wheat amounted to 1,808,000 bu compared with 2,309,000 bu last week, and 1,321,000 bu last year. Kansas City and Minneapolis stocks so far this week decreased 909,000 bu.

After an easy start, prices firmed in all pits, and there was no special news, although Congressional leaders in Washington intimated that in the short session of Congress just ahead, probably no controversial matters would be brought up. This leads us to believe that the question of appropriations might be held in abeyance until January. Congress probably will adjourn the middle of December for the Christmas recess.

While bookings of corn were fairly heavy, the market acted a little better. Rye also recovered, and the urgent selling of yesterday was not in evidence during today's esssion. At the last wheat prices were 1 1/2¢ per bu higher.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 16, 1944

We have mentioned frequently that this was one of the greatest years for American agriculture, to the extent that we raised a bumper crop of wheat, the largest corn crop, and now that the returns are all pretty well in, one can safely say that this year's crops taken as a whole will be the largest ever harvested, even topping the exceptional output of two years ago. However, this satisfactory condition does not apply to grains alone. Our national food situation is extremely healthy, and even though there have been a great many handicaps owing to the war, the per capita civilian consumption is at least 7% above the pre-war average. Even with the rationing of meat, we find that every man, woman, and child will consume from 140 to 145 lbs during the year, and considering that the per capita consumption of all meat was only 126 lbs on an average during 1935-39, it is certainly a wonderful showing. There may have been a few hardships occasioned by smaller uses of butter, but even this is not too serious. We find that 12 lbs per capita is a reduction of about 4 1/2 lbs from the pre-war average, but by limiting the quantity it has been possible for the civilian supplies of most dairy products in 1944 to hold up extremely well. Fluid milk and crean consumption by civilians has reached a new peak of about 411 lbs per capita. Egg consumption has also been unusually high even with the increased consumption of meat; civilian fruit and vegetable supplies have been about the same in total as the average pre-war years, so that our diet is not only well-balanced, but is plentiful, and a wonderful showing considering the large quantities that are currently being shipped abroad.

Late yesterday a permit system for corn was put into effect due to the fact that Chicago elevators are having great difficulty in getting sufficient labor to unload the corn which is arriving, and in some cases cars are heating to an extent that severe damage is being inflicted. Should there be a spell of cold weather, the situation would quickly change, but in the meantime it has placed an additional risk upon the shipments from country to terminal markets.

The export subsidy on wheat and flour came as no surprise, as this had been fully anticipated. The initial rate of payment of 34¢ per bu for Atlantic and Gulf ports is presumably the amount needed to make our grain competitive with Canada. Like proportionate payments for flour, taking into account the subsidies already in use, are intended to make our flour exports attractive in the same manner. However, the plan for the time being at least is to encourage business only to destinations in the Western Hemisphere, comprising such countries as Cuba, Mexico, and Central America. As we understand it, due to the shortage of ocean tonnage, permission is required if exports are to take place with European countries. Thus we believe that the immediate business will probably be light with respect to wheat, although there may be some flour business in the period ahead.

Primary receipts of wheat were small, amounting to 1,322,000 bu compared with 2,262,000 bu last week, and 1,458,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,203,000 bu.

There was not a great deal of news, although rye was heavy, and this affected prices in other pits. Had it not been for that, wheat might have made a better showing, as the Army will be in the market tomorrow to buy flour for relief distribution abroad. While no figures have been given, it is claimed that the quantity may be fairly substantial. Other news did not count for much. The production goals sought by the government are much in line with last year. It seems that Argentina's crop conditions have improved considerably, as widespread rains have occurred, and in the large province of Buenos Aires, the promise is now good to very good; also, in the three northern provinces there has been recuperation. In recent weeks their wheat and flour shipments have been running slightly above last year, but are 13% smaller than pre-war average. At the last our wheat market showed a decline of 5/8 to 1¢ per bu.

Rye was under pressure, and new buying power has diminished since the recent rye directive for alcohol was revoked.

Corn was firm early as a resuct of the permit system established here, and also the improved weather, which will better cure the grain and make it of safer keeping quality. At the last it, too, yielded ground.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 17, 1944.

On basis of the revised Canadian estimate, the crop of 453 million bu wheat, together with a carryover of 355 million bu on August 1st, gave them a total supply position of 808 million bu. As near as one can tell, domestic consumption may amount to approximately 156 million bu, including the amounts for feed, seed, bread use, and possibly 6 million bu for alcohol. If this is the case, the net supplies last August for exports, reserves, etc. would amount to 652 million bu, which is certainly a large quantity of grain, although it was exceeded both last year and the year before. However, we find that the export movement is on a somewhat reduced basis. While no official figures are given, Sanford Evans believes that between August 1st and November 10th about 69 million bu left the country compared with about 85 million bu the previous year. In any case, it still affords a very large surplus when European markets reopen, and there is the demand for rehabilitation.

We could draw off a similar picture for the United States, but it would be much less accurate, because there are two large unknowns. To start with, our total supply at the beginning of the season amounted to 1,423 million bu, which has only been exceeded a few times in history, but as to the prospective utilization, this is largely guesswork since nobody can be sure how much will be fed. Likewise it is impossible to tell what our exports may amount to, particularly since the subsidy program has just started, and it may take another week or two before the trade understands all the implications. Those who figure that our domestic disappearance will be about a billion bu may be correct, although we are offering no guess at this time, but for the sake of argument, this would give us a balance of 423 million bu, less, of course, the quantities shipped out. We are not taking into account imports for the time being, as we believe that most of this wheat will come from Canada and may be either re-exported or fed to animals. There is no weekly or monthly tabulation on exports, although it is tentatively figured that 41 million bu has been placed afloat from July 1st to November 10th. On that basis there is still a surplus in this country of 382 million bu at the present time. In looking at the amount of grain shipped to this country since August 1st, we find that Canada has sent 46 1/4million bu wheat here, although we assume that some of it must be for winter storage or else for re-export. There has also been 26 1/2 million bu oats, 15 1/2 million barley, and about 1 1/2 million rye shipped here. It is likely that with respect to feed grains this will all be used here for domestic consumption, and allowing for some wheat for similar disposition, it shows that we have again been a very good customer of Canada's

Primary receipts of wheat were light at 1,060,000 bu compared with 1,183,000 bu last week, and 1,581,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,429,000 bu. When the visible supply of wheat is published next Monday it will compare with a decrease last year of 5,766,000 bu.

There was no special feature to our market. Trade is paying very little attention to Southern Hemisphere developments, weather reports in this country, or to routine matters. The fact that government support would be given to the market on breaks, and with wheat still going into the loan, almost assures us very little pressure at least between now and the end of the calendar year. This being the case, after a little selling this morning, recoveries occurred. There may have been some milling demand, judging from the type of buying in the pit, although generally speaking there was nothing to indicate that the government had bought flour for the Army on a big scale. Likewise, the export subsidy is not bringing in much business. There may be a little wheat worked from the Pacific Coast to Boliva, but otherwise, we do not even hear of much trade with South American countries. Last prices for wheat were unchanged to 1/4¢ per bu lower.

Corn and rye were indifferent, and a little weak early, but there were some recoveries. The weather for corn is a little better, but it is still not cold enough to make it completely safe for storage or shipment, and this still means that driers are being used to capacity at the various markets.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 20, 1944.

Now that bumper crops have been gathered, it is proper that we look into the farm labor situation to see how this was made possible. First of all, the number of hired workers declined during the past year from 2,634,000 to 2,522,000, a drop of about 4%. This was partially made up by unpaid family workers, who through necessity entered the fields to do their duty. During the period, this group grew from 8,064,000 persons, including farm operators, to 8,168,000 on November 1, 1944. This in itself was not sufficient, and foreign workers were brought into this country from Mexico,the Bahamas, Jamaica, Barbados, and Newfoundland. While these people represent only a small percentage of the total force, they are a great adjunct to the extent that they are ablebodied, and in many cases, they were shifted from one job to another. All told these foreign workers now amount to nearly 74,000. In addition to this, war prisoners have helped on the farms, and according to the Provost Marshall General's office, they put in 1,375,328 man-days of labor during the month of October. This amounts to 52,897 men working full time for twenty-six days, and thus is quite an item. The government in handling this matter has fed the prisoners, including their lunches, and always provided a guard. The farmers paid the government the prevailing rate of pay in any particular community for the work involved, and from what we gather, the plan has worked satisfactorily.

When our market opened this morning, prices were rather firm and one of the influences over the week-end was the possibility that wages might sooner or later be raised. The fact that living costs have advanced 20 to 30% since 1941 is a definite influence, but on the other hand, with the war news so favorable, there was no follow-up in the buying, and as a result markets were rather indifferent. The imports fromCanada are on a reduced basis now. We do not see evidence of any wheat or rye coming to this country on a big scale, although a cargo of 360,000 bu oats cleared Fort William for South Chicago, and should arrive here in a few days.

As of November 11th the Commodity Credit Corporation reports that there was 152,959,072 bushels of 1944 wheat under the loan, while for the same period of last year 113,725,610 bu had been impounded.

Primary receipts today totaled 1,403,000 bu as compared with 3,626,000 bu a week ago, and 1,920,000 bu for comparable date of last year. When the visible supply was posted shortly after the close of the market session, wheat showed a decrease of 4,353,000 bu. The total now stands at 152,085,000 bu, or 13,894,000 bu more than a year ago. Chicago stocks of wheat decreased 631,000 bu, and now amount to 7,161,000 bu. Chicago stocks of rye decreased only 43,000 bu for the week, and are now 9,232,000 bu. The relatively small decrease undoubtedly shows the slackening of the demand for rye out of this market.

With the permit system now in vogue in most markets for corn, receipts in Chicago were relatively lighter: namely 233 cars. The congestion at most terminals has been caused by receipt of high-moisture corn, which with the present shortage of labor makes it rather difficult to handle. The Baldwin Elevator Co. reports that in Illinois corn picking is nearing completion.

The continued progress of the war on the Western Front has led to an easier feeling in most pits. There was a little activity in wheat, but not much evidence of flour business, although we understand that the export volume has been expanding, and that practically the permissible limit of 300,000 CWT of flour has been booked to Cuba. At the close the market was 1/8 to 1/2¢ per bu lower.

Rye was again under liquidation, and at the present time it appears as though there will have to be a new incentive if prices are to be again stimulated.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 21, 1944.

The mechanism of any organized grain exchange runs so smoothly that much is taken for granted. But during each day's trading session, hundreds of problems are solved. Without any confusion and with a minimum of effort, millers, merchandisers, farmers, bakers, speculators, and hedgers are brought together to their mutual advantage. We sometimes lose sight of some of the fundamental economic issues when there are so many artificial stimuli at work. Nevertheless, the laws of supply and demand are ever present, and simply because we attempt to attain a temporary advantage, it does not mean that distortions are not taking place. For example, holding prices of cotton artificially high has brought about great repercussions; not only increased acreages in South American and the loss of our export markets; but from a recent quotation from the Bureau of Agricultural Economics, they say, "Foreign production of rayon in 1942 was equivalent to roughly six and three-quarter million bales of cotton compared with only one million bales in 1932."

At the present, we are attempting an export subsidy in wheat to reduce our surpluses, but the rest of the world is not standing idly by. CCC announced late yesterday that from the beginning of theprogram through November 18th, 5,000 bu wheat had been sold, no cotton, but some flour, the wheat equivalent being 82,000 bu. At the same time Canada had the largest day's export trade in months, and Britain purchased from that country close to 8 million bu wheat and oats, showing that when conditions are right, trade can be accomplished. Canada because of its big surplus is ever zealous protecting its own market and its fundamental position in the export field. They condemned our program through one or two of their spokesmen, according to reports which we recently read. However, it is not only competitive exporting countries that take this attitude, but even the importers who are benefiting to the extent of getting cheaper supplies are complaining. The Liverpool Post denounced export subsidies as a "mischievous device." The London Times, ordinarily conservative, said that subsidies might be used to force foreign producers into a series of world cartels. It warned in any case that international dumping is a two-edged weapon, and once the United States starts on such a practice, other countries may follow, and the effect could be sabotage at the very start of endeavors to reduce world tariffs and establish international trade on an expanding basis after the war. We feel that billions of dollars may be spent, with eggs probably next on the list, and some believe that WFA may be forced to purchase 20 to 26 million cases beginning late this year. Such operations would entail about $250 million all told and should prove to our Congress the staggering cost of price supports if all farm products are to be included.

With the surpluses which have been built up in this country, it is quite possible that we shall give much food away. In any event, we would look much more favorably upon a program which permitted markets to function normally, so that international trade could take care of our problems with a minimum of interference. If prices should decline to a level unprofitable to producers, moneys could be better expended for direct reimbursement in order to avert any agricultural disaster. Even the farm groups are beginning to realize the peril which lies ahead, and the past insistence for high farm prices will probably dwindle in the post-war period. One prominent leader stated: "Floors should be established at a level which will not encourage surplus production but which will prevent economic ruin for the producer.` Whether the floor should be set at 60%,or 80%, or 90% of parity might depend upon the nature of the commodity."

Primary wheat receipts of nearly 2 million bu compare with 1,385,000 bu last week, and 2,057,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 340,000 bu.

Firmness in markets came largely from the belief that the Little Steel Formula would be revised upwards, and to that extent would be inflationary. The B.A.E. in its November issue summed up the rye situation in a slightly bullish manner. While figuring on a crop of 30 million bu next year on the present acreage goal, they anticipate a reduction in stocks by July 1, 1946, because of considerable demand for rye for alcohol, spirits, and some also for export. This, they say, makes it possible that prices during 1945-46 might be relatively high.

Trade was rather uninteresting, advances and declines in wheat were almost evenly distributed. At the last prices were unchanged to 3/8¢ per bu higher.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

Nov. 22, 1944.

We believe that when farm legislation was originally enacted, the purpose behind it was to avert agricultural disaster, and the result was that the early loans were made at distinctly low levels to accomplish just that. For political reasons, the loan has become more or less of a football and has finally been advanced to 90% of parity, with the consequence that it is no longer sound, and if continued for any length of time, it spells peril for the farmer and will accomplish just the reverse of what the originators had planned. Everyone knows that sooner or later we shall have to face realities. One of the large businesses of the country is that of insurance, but the risks are always figured on an actuarial basis, and thus the industry is on a sound footing. If we are just as earnest to place agriculture in the same category, we cannot start out with false premises, as each subsequent step will lead to further maladjustments. There is talk at the present time of a two-price structure for grain. Obviously holding domestic prices on a high plane would make it difficult to export through subsidies, which in turn create a hostile feeling both amongst competitors and consumers alike. Furthermore, the cost of bookkeeping and accounting is tremendous. Bureau after bureau is created, and the trade is in a constant turmoil, aggravated from day to day by a possible change of policy and the great uncertainties which arise. Not only is this an expensive plan, but it also tends to restrict markets, making it difficult for commerce and trade to flow freely.

Our suggestion would accomplish the same purpose but with less agitation or commotion. During the conversion and readjustment period, it might be deemed necessary to have loans, but these in our opinion should be at low levels to prevent a debacle rather than to have them at such a high level that wheat would almost necessarily be defaulted, and thus finally create a surplus problem for the CCC or some other agency. In this way markets could function more normally and permit the laws of supply and demand to channel supplies into normal consumption and exporting directions. We would place no restrictions upon production, realizing that curtailment of acreage might bring about disaster in years when yields were poor. We would on the other hand try to maintain the nation's fullest practicable farm production, but at the same time devise methods to maintain consumption at present levels. Our national instinct is to produce for abundance. We are by nature a constructive people. The war has shown that when our nation is prosperous, our people are able to eat more food than ever before, because they had money to spend for it. If, in spite of these measures, prices declined to undesired levels to threaten farm prosperity, we would prefer direct disbursement to farmers either through soil conservation payments, crop insurance, or direct bounties. Even the latter based on the difference between a desired price and the actual market prevailing could be measured in such a way as to pay a phantom loss to producers on the 700 million bu domestically consumed. Such an outlay would probably be less than the cost of export subsidies, loans, and general administration. Under this proposal, the farmers would receive benefits on only the amounts of wheat used at home. Therefore, if the price received for those quantities exported were unsatisfactory, on basis of world prices, there would be an automatic adjustment of acreage without regimentation.

Primary receipts of wheat were less than one million bu compared with 1,808,000 bu last week, and 2,356,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 662,000 bu.

There was no grain news overnight. Our market opened with very few changes, but during the session December oats became very strong, and it looks as though the industries were ready to take delivery. A leading elevator concern continued to buy December corn, which was also a feature, and this led to strength in other pits, with the result that there was never much weakness. The undertone was firm, even though there was not much short covering, such as we experienced yesterday. Some point to the fact that navigation will soon close, but last year in the sixteen weeks of closed navigation all-rail shipments of all grains from Fort William-Port Arthur direct to the United States totaled more than 47 million bu. It is intended that a substantial all-rail movement will again take place this season.

Rye was a little firmer than wheat, but the leading cereal was unchanged to 3/8¢ per bu higher at the last, with pressure to sell extremely light.

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CHICAGO, 4 Nov. 24, 1944.

Ordinarily at this time of year the grain trade has two things to worry about, although peculiarly enough neither of these factors is much mentioned presently. One is the question of fall weather in the winter wheat belt, which often influences the crops the following summer, and we believe it is sufficiently important to make at least a cursory examination at this time. For Nebraska, the rain which occurred the end of last week was very beneficial towinter wheat at least for a considerable area in the southeastern part of the State. The Panhandle received a good rain last week, although wheat still needs moisture in south central Nebraska and in southwestern Nebraska, as the surface soil is dry. In Kansas, winter wheat growth continues excellent over the entire State, although widely scattered counties in the western two-thirds reported surface moisture being rapidly depleted by the heavy growth. This rapid growth should, however, be retarded somewhat by cool weather which now prevails. In Oklahoma, moisture conditions are excellent in practically all sections of the State. Thus the plant is getting off to a much better start than a year ago.

The other pertinent question relates to Southern Hemisphere developments, and we have stated often in these letters that the Australian wheat crop is practically a failure, officially estimated at 50 million bu, the smallest since 1919-20. As near as we can tell, the carryover of old wheat will be approximately 100 million bu on December 1st; therefore, that country will not be an important exporter in the year ahead. The situation in Argentina is more optimistic Private estimates make the crop 185 to 205 million bu, which compares with nearly 250 million bu a year ago. However, the carryover of old wheat on December 1st will be probably about 130 million bu, indicating a total supply of about 325 million bu. Consumption in that country has been heavy, and total disappearance is estimated at about 260 million bu, which is far above normal, with exports accounting for less than 100 million bu. However, there was some wheat set aside for fuel, and we can hardly imagine that the same demand will prevail in the twelve-month period ahead, although even if that should occur, there would be sufficient supplies to meet requirements.

Statistical data in North America does not change much from week to week. Since July 1st, or in a period of twenty weeks, we have exported about 43 1/2 million bu wheat, and in a somewhat shorter period we have imported nearly 50 million bu from Canada. However, in the latter figure there will be some wheat for re-export, and of the remainder probably most of it will be used for feeding purposes, etc., but at least to that extent it will relieve our own problem, We note that the CCC has earmarked only 10 1/2 million bu wheat for feed during December compared with 18 1/2 million during November. We have also imported 28 million oats from Canada, and 17 1/4 million bu barley, so that together with a bumper crop of corn, there seems to be a slightly easier tendency in feedstuffs in general. At the same time feeding ratios are very satisfactory, and for the past week the corn-hog ratio was 13.5 compared with 12.5 last week, and 12.7 a year ago. About the only grain news of importance over the holiday was that 400,000 bu Canadian wheat at Duluth had been sold to American interests, and while we do not know the details of this transaction, the fact that this rye now becomes available for domestic purposes at least adds some additional competition with the large supplies held in Chicago, and which appear to be more or less in concentrated hands. Imports of Canadian rye since August 1st are only 1 1/2 million bu. However, the 1944-45 crop and carryover in that country was only 13,877,061 bu compared with 22,410,755 bu the previous year.

Statistics did not count for much. Primaries of wheat of 2 million bu compared with half that quantity last week, and 2,479,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,064,000 bu. When the visible is published Monday it will compare with last year's decrease of 5,766,000 bu. Markets were again inactive, although mostly firm except for rye.

There was scattered buying in oats, and we now are practically on an import basis from Canada. A small lot of wheat was worked from Kansas City, with that market about 10 5/8¢ under Chicago. Rye was weak, although at times there were some recoveries on short covering. The open interest in the December future is still very large.

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CHICAGO, 4

Nov. 27, 1944.

The grain trade should take time out to pay tribute to Mr. Alfred Christie, a great scientist, who has just invented an apparatus which will completely remove all "free moisture" from flour cereal products and like materials without damaging other ingredients. Heretofore, driers which have been used, employed the principle known as the "oven method," which meant that heat was applied from the outside of the sample and remained constant during the drying period. This process required that the sample be cooled before any test could be completed, but the new apparatus operates by the use of high frequency electric current and makes it possible to remove varying amounts of moisture simultaneously from several samples of material. Hence, when all the moisture has been removed, the sample is sufficiently cool to be weighed immediately. With this new method, heating begins in the center of the sample and drives the moisture out, and after moisture is driven out, the temperature decreases. Inasmuch as there has always been spoilage and deterioration in wheat, flour, and other cereals from any excess moisture or high humidity, Mr. Christie's invention will greatly facilitate the handling of grain, and is, therefore, a big step forward in technology.

When our market opened this morning, there was very little to guide it. Additional moisture occurred in various parts of the winter wheat belt, and it is probable that the rains have now been sufficient to start the crop satisfactorily. Whenever there is adequate moisture before the winter freeze, the battle is half won, and although we had a very unsatisfactory start last year, propitious moisture with intermittent regularity later on still gave us bumper yields, but it is not altogether safe to count on these unusual circumstances.

The CCC published loan figures indicating that 156 million bu wheat is now impounded. This compares with 117 million bu which was under loan a year ago, and 312 million bu two years ago. Thus, there is only about half as much frozen now as in 1942, but nevertheless we presume that between now and December 31st, the total will rise to, roughly, 200 million bu, which may have some influence at the end of the season, but meanwhile it takes time to eat into our reserves. Considering that there has not yet been six months' consumption accounted for, and with the milling demand mostly from hand to mouth, it is quite obvious that even though large quantities have been removed from commercial channels, there is still plenty of wheat available for all purposes.

In rye, with just a moderate crop raised, there should also be sufficient supplies except that a substantial percentage is owned by one of the large food concerns, and while it would probably be available if buyers paid a premium over the future, it is not pressing on the market. The fact that December rye is only about 3/4¢ a bu over May compared with a premium of 4¢ recently would indicate that one of two things has happened: (1) either that the concentrated long holding is being hedged in December, and this is somewhat doubtful; or (2) that the weaker longs in December have taken the initiative, and with the small cash demand new buyers have not been numerous, so that shorts have been able to cover their positions. We doubt whether anyone would be anxious to take delivery of even half a million bu rye and pay the carrying charges, although the final outcome of December will depend largely upon whether longs or shorts take the lead just prior to delivery-time. We note that 115,000 bu rye is headed toward Buffalo from Ft. William and 60,000 bu is also destined for Superior; also 90,000 bu is headed for South Chicago. Likewise, 445,000 bu wheat is coming to Chicago from Canada, but we believe this must be for the government and may replace some of their grain recently shipped from this market.

Weakness in wheat, which occurred from time to time, stemmed somewhat from lower prices at Minneapolis. Ever since the CCC pulled out of the Duluth market for cash wheat there has been less stability. At Minneapolis, and at Kansas City the December futures are selling about 2¢ over May, which is less of a premium than exists here. Our market is practically on a shipping difference both from the Northwest and from the Southwest, although we have not heard of any grain moving here for delivery purposes. The deferred futures displayed strength, but old-crop months showed a loss of 1/4 to 3/4¢ per bu.

Corn was fairly steady, the local situation has improved, and we would not be surprised if the permit system for this market might soon be revoked.

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CHICAGO, 4 November 28, 1944.

We shall discuss Rye today; not the cereal, but a small town of less than 10,000 inhabitants located on Long Island Sound., where the International Business Conference has just ended. While this was not an official gathering, it is a fact that military planes aided in bringing the delegates together. These representatives from various countries laid the groundwork for a scheme which it is hoped may prevent the world of the future from being divided into three or four economic spheres. It was recognized that the exchange of commodities and services in a world divided into separate blocs might lead to agreements between governments more and more divorced from economic considerations. Thus while several hundred leading bankers, industrialists, exporters, ship owners, etc., from almost every country, deliberated behind closed doors on issues of the future, there may actually be more to this Conference than the accounts of the proceedings indicate. Trade leaders were more outspoken and agitated for free and open markets as soon as possible after the war has ended. A recommendation made at the Rye Conference urged that commodity futures markets resume their normal functions at the earliest possible date as a means toward aiding international trade.

Today was calendar day for buying wheat, and little attention was paid to it for the reason that we have so many artificial factors surrounding our market. Ordinarily there is a good reason why purchases at this time work out satisfactorily. First of all, our visible supply has generally reached its peak, and from this time onward decreases become rather substantial, with the result that hedges are removed. Furthermore, there is no pressure yet from Southern Hemisphere countries, but rather we often have crop scares just before harvest time. In other words, between now and Christmas, the short side is usually hazardous, and this situation does not change much until about January 10th when mills close down for inventories and shipments from Argentina and Australia become more important.

Our market today was a rather tame affair. Rye, which has often been a guide for other cereals, was likewise dull early, although the December future for the first time in months went to a discount under May, indicating the possibility that holders of cash rye might be hedging their positions in order to reduce commitments before the end of the year. We figure that on the 9 million bu rye stored here in Chicago, carrying charges of about 18¢ per bu per year would entail an expense of well over $1 1/2 million, and might, therefore, be a consideration, particularly since some of this rye has been carried by these interests for about two years. The permit system for corn shipments was revoked, but it had no effect marketwise; actually bookings from the country were very light, and some of the shippers who sent damp corn to this market, are apparently more cautious now, especially with labor difficulties such as they are. Probably just as important is the income tax factor, which will probably prevent a heavy movement until after the turn of the year.

Primary receipts of wheat today were 2,760,000 bu compared with 1,991,000 bu last week, and 2,337,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 856,000 bu.

While markets were rather dull early, there was a buying spurt in the deferred months after midsession, with the result that July and September wheat gained further ground on old-crop positions. In rye the December future was comparatively weak, but with the quantity of rye that is held here in Chicago, one would ordinarily expect a carrying charge of 4 to 5¢ per bu from December to May, particularly at this price, as it costs money to carry high-priced commodities. The buying of rye was mostly in the distant months, and these futures were also purchased against sales of December.

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CHICAGO, 4 November 29, 1944.

In recent articles which have come to our attention, both the London Economist and Broomhall dwell at considerable length upon Britain's post-war agricultural policies. Whether there will be any letdown in production when the war is over is difficult to predict at this time. It is apparent that the artificial methods adopted in pre-war days by exporting countries in an effort to obtain better prices for farmers had their effects in the various importing countries. This was not confined alone to the establishment of protection to growers on a reasonable tariff basis, but it also led to import quotas, exchange restrictions, and numerous other obstacles that threatened trade. For example, minimum or fixed prices in several European countries created an entirely artificial and dangerous situation, with the result that between 1928 and 1938 world shipments declined to such an extent that surpluses were built up in the exporting countries. There was a decline of about 33% during this period, and the low prices which prevailed during that time were largely due to the loss of demand and an unbalanced supply situation. If we are to resort to exports through subsidy in the post-war era, it is quite natural to expect that certain countries will react with retaliatory measures. Nobody can possibly object to remunerative prices for farmers, but as the Rural Reconstruction Committee of Australia points out, "Such methods when carried on for too long a time are not only financially and politically troublesome for the governments concerned, but also discourage efforts to improve efficiency and remedy faults in the costs structure." The plan which we have advocated and shall continue to advocate is direct payments to farmers in times of agricultural stress when remuneration from crops falls to dangerously low levels that imperil our producers. In such cases, we feel that direct payments will be far less costly than to try to create artificial markets or even to attempt a two-price system that might antagonize both our competitors and customers alike.

When our market opened this morning, prices were quite firm. The government has undoubtedly been in the market for small quantities of flour, the equivalent of about 400,000 bu wheat, according to reports, and this may be for Lend-Lease. While the quantity is unimportant, there is apparently also some corn being procured in various terminals, probably destined for Buffalo for the same purpose, and this all tended toward market stability in the absence of much pressure. Rye, which was so strong yesterday, seemed to have gained more friends in today's session, and while the nearby delivery at times sold for as much as a cent per bu under May, the general undertone to the market was healthy. There still is some doubt that the big longs have sold their holdings, and it may be possible that only the weaker holders have decided to even-up their commitments. This might explain the relative weakness of December, but still if the main lines are held intact, it is also possible that traders are merely being transferred to more distant positions, in the hope of getting better prices later on. Tomorrow is the first day for tenders on December contracts, and unless those who have been carrying the cash rye for sometime have hedged themselves in December for the purpose of making deliveries, we expect that only moderate quantities will be tendered. Therefore, the situation at the present time remains very uncertain.

Primary receipts of wheat were smaller, at 1,386,000 bu compared with 946,000 bu last week, and 1,622,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,096,000 bu.

Markets on the whole were very firm. Considerable attention was paid to the early strength in Minneapolis rye. That market at one time was up nearly 3¢ per bu, and it was thought that heavy short covering possibly by the same parties who covered here yesterday, may have been the reason. Later reactions took place, and our market likewise yielded ground. December wheat here in Chicago is losing some of its premium over May, but not to the same extent as at Kansas City and Minneapolis. While we expect light tenders on December contracts, we are not far from a shipping difference from the Northwest or the Southwest.

Corn was moderately firm, particularly December, and because of the light movement no accumulations are taking place. This is likely to change, however, after January first when the income tax problem to producers becomes less of a worry.

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CHICAGO, 4 November 30, 1944

For a year or two after the end of hostilities, we rather expect unusual demands from Europe for foodstuffs in general, although the quantities which have been mentioned are probably somewhat exaggerated. Furthermore, a war-torn and bankrupt Europe will be very critical of the price structure, making purchases only on the best possible terms. In the long run we feel that England will continue to be the best customer for wheat, as was the case in pre-war days. However, she, too, will be extremely price-conscious, and will have to economize to a reasonable extent on imports and raw materials until she gains her strength, and is able to push exports. In other words, if there is to be some economizing in Britain, it seems reasonable to do so on imports of food rather than on imports of raw materials. This does not mean that her requirements may not be substantial, but the area of land which has been placed under cultivation during the war has almost doubled since 1939. While it is certainly not the desire of Britain to become self-sufficient on foods, it will at least take a period before her standard of living rises and overseas financial reserves are increased. We must not forget the lesson gained from the period in the 1930's-- importers of grain aided by quotas, protective walls, and foreign exchange considerations all tended toward economic self-sufficiency. Certainly this is not a satisfactory or permanent solution of the international wheat problem. As Broomhall points out, any successful plan will not come automatically; unwise government action, especially of the type which seeks remunerative prices by decree may not only retard success, but may make success impossible. We agree with him, also, that the help which farmers receive must not be of the kind to weaken the competitive power of grain in the essential competitive fields of animal feeding and industry, which are now opening up. Best results can be obtained if new and important uses for wheat and other grains can be found, but then only if the raw material is economically priced and is available in the right places, in the right quantity, and at the right time. For this the services of an efficient and competitive marketing system are essential.

After the close of the market yesterday, parity prices were published, and there was an increase of 1¢ per bu for wheat to $1.51 per bu. Other cereals advanced in like proportion. While this will not necessarily have any effect upon the market immediately, it is a factor to be borne in mind for the reason that next year's loans will be based on the parity level which prevails in May. Should this be about in line with the current figure, there is no reason to expect that the 1945 loan will be any lower than the present one. This leads us to believe that the new-crop futures are selling at too big a discount under May. A partial correction has already occurred, and a further readjustment is likely. Many people figure that when the war is over some of our restrictions may be relaxed and lower parity levels will prevail, but we doubt whether it is safe to place too much confidence in these beliefs. However, there is another point at issue: namely, that based on $1.51 farm parity, the loan would amount to $1.56 Chicago, and the price of July and September wheat is not far from there at the present time.

Primary receipts of wheat were just slightly over one million bu, a week ago was a holiday, and last year they amounted to 2,561,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,450,000 bu.

There was no particular feature to the wheat market, although it is expected that the long-advertised increase in ceilings will soon be announced. Furthermore, OPA is going to permit sellers outside of normal marketing areas to sell their grain at point of origin, plus transportation costs. These various factors with lack of pressure gave us a higher market, and at the last values showed an advance of 1/4 to 1 1/8¢ per bu.

Other cereals sympathized, and the movement of corn is still disappointing, but we figure that with colder weather this may change, although possibly not until the time when payment to producers is figured on basis of the 1945 fiscal year.

Rye was very strong. Nobody knows whether tenders on delivery will amount to much; there have been some reports that later on substantial quantities might be made, but up to the present time tenders of all grains have been nil or next to nothing.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 1, 1944.

It seems somewhat of a paradox that while under the International Wheat Agreement, we have asked for a certain percentage of the world's exports, and at the same time have resorted to the device of selling abroad through a subsidy that actually the imports of wheat so far this season have exceeded our exports. We have taken from Canada more than 58 1/2 million bu wheat since August 1st, but in a period of four weeks longer, in other words since July 1st of this year, we have shipped less than 46 million bu covering twenty-one weeks of business. This would indicate that the total for the season may be approximately 100 million bu, and maybe even a little larger. Of course, all the wheat that has come here from Canada does not necessarily stay in this country; some may be re-exported, but by far the largest share will be used domestically for feeding operations, although the quantities that are being used for that purpose are on a much smaller scale than a year ago. As a matter of fact, the CCC wheat holdings are shrinking less rapidly than at any time in the past few years. The feed wheat allocations are off sharply, and as we pointed out in a recent letter, there was another cut of 50% for December to about 10 1/2 million bu, and even this quantity will probably not be sold due to the cheaper price of corn and other feed grains. Nevertheless, our home usage will still be pretty heavy, and it is probably safe to say that the prospective utilization of one billion bu may be reached. On that basis, the next carryover will be much the same as the one of last July.

We consider the policy of a high loan program so important that we shall stress it again and again. Not only does it needlessly tie up large quantities in the hands of some governmental agency through defaults which took place, but it also makes necessary exports through subsidy, which in the long run are bound to impair the relationship of the "friendly neighbor policy." Canada, also, with a large reserve on basis of a crop and carryover amounting to 803 million bu, has exported in seventeen weeks only 87 million bu, of which the bulk has been sent to the United States. This is a smaller quantity by 10 million bu than last year, and it goes without saying that when the war is over she will wish to sell abroad unimpaired by the subsidy competition, which is bound to be encountered under this plan. Likewise, Argentina, whose export outlets have been restricted during hostilities, will wish to recapture her foreign markets on a free, competitive basis, and our relations with these competitive countries is bound to deteriorate unless we find a more diplomatic method of handling ourselves. For the time being, Australia will not be a factor. Her stocks at the end of October totaled 89 million bu, and the crop estimate is still 50 million bu, so that the only exports being made are against old contracts for the British Ministry of Food, and there will probably be no further business until the 1945-46 crop becomes available. Their home consumption continues at the same high level, as a considerable amount of wheat is still being fed to animals.

We still believe that markets must take their own course. If prices decline to levels which spell danger to producers, they should be given direct payments on the difference between the market price and parity on that portion domestically consumed. This would cut down tremendously administrative costs, would lessen the number of bureaus that are presently engaged in handling the various programs, and finally would lessen the worries of the State Department, which obviously realizes that subsidized exports are just a refinement of what has always been considered "dumping."

Primary receipts were 1,797,000 bu compared with 2,052,000 bu last week, and 1,878,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,700,000 bu. We expect a fairly large shrinkage in the visible supply on Monday, which will compare with last year's decrease of 6,179,000 bu.

With practically no tenders yet on December contracts markets were rather firm, although corn was indifferent and weak. The cold weather should improve the keeping quality of this cereal. Firm markets for wheat are not unusual in December, although the high price naturally creates some caution, despite government policies.

December rye early in the session was very strong, and at one time sold nearly 1¢ over the May. However, there is always the fear of deliveries with such large stocks held here in Chicago. On rather small liquidating orders the market toward the last became rather weak, and we look for a rather nervous trend to continue.

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DAILY MARKET LETTER

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CHICAGO, 4 December 4, 1944.

Despite ceilings which have been placed on many of our agricultural products, and despite the fact that cotton, peanuts, hay, lemons, and eggs are selling slightly below parity price levels, the fact of the matter is that the financial position of the farmer has probably never been more satisfactory. Even now taking farm products prices as a whole, they haverisen to 115% of parity, so that producers are actually getting more than was intended when the parity concept was first considered. Looking at it from a slightly different angle, (because parity is based on prices for the 1909-14 period) they now stand at 196% of that level, and this index is about two points above November 1943.

However, there is another factor which the farmer must never forget: namely, that while controls of some kind are needed during wartime, in general it is a wasteful and extravagant form of business administration. The Hon. E. MacKenzie Hay, Chairman of the British Federation of Commodity, and Allied Trade Associations, gave his observations at a recent meeting in the East, claiming that these controls provide opportunity for inefficiency and that they do not possess that flexibility and initiative and enterprise which will be essential to a people whose survival depends upon their ability to regain old markets and establish new ones. Speaking from the British point of view, he said that his people "will be in no mood to sacrifice one single shred of their individual liberty more than is absolutely necessary.". He went on to say, "You may be quite certain that the people will not tolerate control for control's sake, and this attitude will undoubtedly be reflected in the activities of our commercial markets."

At this very time, meetings are being held in Washington to consider the over-all cotton picture. That we have lost our foreign cotton markets is quite obvious. Specifically, cotton is now threatened by types of competition for which it was not prepared. As one of our friends points out, "What imaginative individual could have envisioned the development of symthetic fibres of cellulose base contending for supremacy in a wide variety of apparel, household and industrial fabrics?" The worst of it is that the maintenance of high prices here encouraged foreign growers, and to regain our place as an important exporter may prove much more difficult than the planners of high prices had envisioned.

The grain news was again satisfactory. Very beneficial rains were reported in the Southwest, and these seem to be spreading to the Central States. The amount of wheat which went into the loan the past week was not too big. We find that the total now frozen amounts to 159 million bu compared to 120 million bu last year. The surprising feature is that only 34 million bu is tied up in farm loans. As a matter of fact, most people in the trade believe that when income tax problems are less pressing, or in other words, next January, there will be a better movement from farms, and this may come at a time when the mill demand generally slackens. Therefore, present firmness in the market may be somewhat temporary.

The visible supply was late in being posted, but a fair decrease is indicated. Chicago stocks of wheat decreased 1 1/4 million bu, still leaving nearly 6 1/2 million bu here. There was an increase of 540,000 bu in the bonded supply. Local stocks of rye are practically the same, with 9 1/4 million bu still here.

After some hesitancy, the markets became rather firm, not only was the movement of corn from the country light, but the forecast is for wet weather over most of the belt, and this may hold up the movement for a time. In any case, December corn gained somewhat on the later months, but all futures were rather strong.

Wheat was also higher, with some hedges taken out apparently against milling business.

Rye recovered after being easy early in the session, and as yet tenders on contract are nil, but many people think that before the end of the month this situation may change.

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CHICAGO MERCANTILE EX.

December 5, 1944

At the present time a very important cottoh conference is taking place at Washington, and it appears that government men are stating the case for agriculture, also for the State Department. Likewise private experts are voicing their views, but the significant factor is that when prices are held artifically high, the secondary consequences are often so serious that it is not simple to find remedies. Mr. Wickard Secretary of Agriculture, has recommended a great crop-diversion program in order to produce less of this staple and more of something else. Under this proposal American grown cotton would sell at world market levels, which, in our opinion, is very important. We have stressed on numerous occasions that when anything is held artifically high, the pendulum often swings just as far in the other direction. Furthermore, the problem of surpluses is ever-present, even though for a time some commodity may be artificially withheld from normal channels. According to Mr. Wickard's plan, farmers who turn partly or wholly to other crops or to livestock raising would receive payments based on the adjustments that had been made. We are wondering whether this does not in the final analysis create another problem for the new industries in which producers may engage. It is, of course, true that at the moment there is a tremendous demand for livestock and various meat products, and in any war concentrated food stands first on the list. Many people had figured at the beginning of the war that Russia might take vast quantities of wheat, and that other countries might follow suit, but instead of this they have preferred meats, even to the extent of taking large quantities of beef from the Argentine.

In order to bring about such a conversion program, it would probably have to be supplemented by a credit plan financed by the government to enable farmers to buy the needed machinery and livestock. This may be a solution for the time being, but yet it is a sad commentary upon our system of marketing that the South, which has always been a large producer of cotton, and was able to market it advantageously either at home or abroad, must now turn again to a theory of curtailment. There has always been one great advantage to the American markets where fair or equilibrium prices were maintained: namely, that when this procedure was followed and fair prices prevailed, production and consumption were pretty equally coordinated. Whenever a market was free, open, and competitive, it made the automatic adjustment of production to consumption in such a way that the whole crop was consumed without a shortage and without an excessive carryover.

When our market opened this morning, prices were quite firm. First of all, the carryover feeling from yesterday was bullish. Additional moisture overnight was rather widespread in the Southwest and extended also to the corn belt states. While this is extremely advantageous for the start of the winter wheat crop, it will unquestionably delay the movement of corn, and this apparently comes at the same time when Lend-Lease requirements are fairly active. Thus it was not surprising that the December corn delivery again maintained itself at a fairly substantial premium over the more deferred futures. It is not necessarily indicative of any shortage of foodstuffs, because actually this is not the case, with the bumper crops that have just been raised. Moreover, there has been nearly 38% more oats and barley shipped from Canada to the United States since August 1st than in the same period last season. However, the consumption of corn last year was so large that there are a great number of holes to fill in, and it apparently will take some time to accomplish this.

Primary receipts of wheat amounted to 1,680,000 bu compared with 2,760,000 last week and 2,384,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 59,000 bu.

All markets showed fair stability, but corn and rye led the upturn. In corn there are apparently a good number of holes to fill because the consumption last year was so tremendous, and with some Lend-Lease orders being handled at this time, it seems difficult to build up reserves at terminal markets.

In rye, the December future is selling at a cent per bushel over May, but possibly this will finally lead to hedging in the December, particularly if there is no pick-up in the demand for cash rye. While temporarily we believe the nearby future might become tighter, we should not be at all surprised to see it expire at a substantial discount. Wheat borrowed most of its strength from other cereals. There was some milling demand but nothing of great importance. New-crop months were the strongest.

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CHICAGO, 4 December 6, 1944.

Every war brings about great changes in our economic system. For example, in the wake of World War 1, we found a tremendous increase in the world wheat acreage, notably for Canada, Argentina, and Australia, and the result of high prices during that period opened up new fields, with the expansion so great that the competition has been felt ever since. It is probably too early to evaluate fully all the changes that are taking place as a result of the present war, but we can already come to some conclusions with respect to various types of foodstuffs: In North America, we have strongly emphasized livestock production, and as a result food and feed crops were also increased almost as much in order to take care of the larger number of animals. In many European countries, where normally less food was produced than was consumed, especially those in Western Europe, emphasis was placed on expansion of those crops which could have been used directly for human food. This was all at the expense of feed crops, and livestock. It probably explains what happened in England and accounts for a large part of the increase of more than 60% in the caloric output of British agriculture from the period just before the war.

Here in North America, having been cut off from Pacific supplies, we have increased the output of edible oils by about two-thirds, while in South America it has nearly trebled. Meat, poultry, and eggs as a group increased by 43% in North America and by 16% in South America. Cereal production expanded 30% in North America and only 4% inSouth America. In any case some of these observations show the changes that occur when necessity requires a change or when prices advance to a point to make such shifts attractive to producers. Thus, any artificial program offers a threat to a well-organized pattern of supply and demand, and this is the topic of discussion at Washington on the future of cotton.

Probably as important as any other consideration is that of our relations with other countries; Mr. Acheson, Assistant Secretary of State, has said, "This cotton situation is serious in itself, because it is a source of irritation in our relations with other friendly countries. It is even more serious, however, because it is likely to affect the confidence of other countries in our sincerity of purpose and in our general program of seeking, in collaboration with other nations, a big reduction of trade barriers and the elimination of discriminations and other unfair methods of trade." This has to do mostly with the new cotton subsidy but relates equally to wheat or any other commodity that would be forced into exporting channels at a lower price than it brings in the home market. Such tactics can only be referred to as "dumping operations," regardless of how sincere the plan might be to help the status of our farmer. Furthermore, by maintaining a high price at home, other trade leaders recognize that cotton may be replaced to a great extent by rayons, and thus we see again how important competitive price levels are in our economic life.

Primary receipts of wheat amounted to only 899,000 bu compared with 1,386,000 bu last week, and 2,884,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 268,000 bu.

After several days of advance there was some profit-taking, and while declines were not heavy in any pit, at least it was felt that reactions were in order. The trade is still awaiting the 4¢ advance in the OPA ceiling, but the announcement may not be made now until after the middle of the month. Meantime, there is a fairly good demand for all types of cash wheat in the Southwest, but at Minneapolis 12 1/2% proteins were off the ceiling, and were about 1¢ per bu lower.

The 11 proteins declined about 2¢, and the general demand was not so good, even for light receipts. At the last wheat prices showed a decline of 5/8 to 1¢ per bu.

Corn held firmest, and one elevator concern was the heaviest buyer of both December and May. This may have been against lend-lease business, and the December future was the strongest in these covering operations.

Rye was a little lower, but there was no special feature, except that there are still no deliveries on contract.

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CHICAGO, 4 December 7, 1944.

Inasmuch as the very heavy wheat consumption last year stemmed largely from the added amounts which were needed for animal feeding, we believe it is well to study the feed situation rather carefully at this time to see what the conditions are. On basis of the November crop report, total supplies of corn, oats, barley, and grain sorghums were 132.5 million tons, which was 1% larger than last year, and only 6% smaller than the record supply of two years ago. This is rather heartening owing to the fact that the carryover reserves were largely depleted, but still supplies of the four principal feed grains have been so large that this has now been overcome. Contributing most importantly to this prospect is, of course, the record corn and sorghum crops just harvested. If we include the estimated quantities of wheat and rye which may be fed in the current season, the supply of grain per animal unit should be materially larger than a year ago, and approximately the same as two years ago when feed-grain supplies were the largest on record. The Bureau of Agricultural Economics figures that smaller quantities of wheat and rye are to be fed in the current feeding year than in either of the two previous years. We have based our forecasts in line with Government estimates of about 275 million bu of wheat for animal consumption, and on this basis the wheat carryover next July should about parallel the reserve stock which was carried into the present crop.

For the past few days there has been considerable buying of corn futures, presumably against lend-lease sales. There can be no doubt that this will be a much more important factor than during the previous year. It was mentioned yesterday that if for any reason Argentine shipments should fall down we would have to supply a rather liberal quantity for Britain, but on the other hand, it is hardly likely that this business will persist day after day. Considering that we have raised a crop of 3,258 million bu, which is 4% larger than the previous record crop, there should be fair quantities available for export without disturbing too much home markets. Furthermore, the sorghum production, estimated at 160 million bu, would be 50% larger than the record crop in 1942, and is, therefore, also an important factor.

In any case, it may take a little time before the holes are filled; having experienced a heavy reduction in the carryover of corn, supplies at terminal markets are small; and the car shortage also prevents accumulations at a fast rate, coupled with the fact that income tax problems to farmers have resulted in smaller offerings than otherwise might be expected. After the turn of the year it is quite likely that more corn and more wheat will be offered. Thus, a little patience is necessary during the coming weeks.

In analyzing the present CCC wheat loans, we find that while the 159 million bu now impounded compares with only 115 million bu last year, there was as much as 325 million bu tied up two years ago, and the increase for the week in 1942 was 13 million bu. At the present time no such amounts are being frozen.

When our market opened, there had been enough milling business overnight to entail removal of hedges here. These were covered mostly in the July future, temporarily further narrowing the spread between May and July. However, on basis of present parity, next year's loan would probably not be higher than $1.56 Chicago. Thus, the new crop future looks rather high to us, particularly if the European war should be over before next summer.

Primary receipts of wheat today totaled 1,530,000 bu compared with 1,009,000 bu last week, and 1,928,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 360,000 bu.

There was some talk during the session of the possibility of government flour business placed after the close today, and it appeared as though there was some buying against this business. Also toward the close, one of the locals was rather conspicuous in covering short wheat.

Bookings of corn were again fair. It is anticipated that the CCC will buy corn in the open market at regular intervals to fulfill demands for Lend-Lease. Great Britain is presumably in need of about 35 million bu; the original intention was to obtain the majority of her requirements from Argentina, but with political developments in the Southern Hemisphere, the United States may be called upon to supply larger amounts of corn for Britain.

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CHICAGO, 4 December 8, 1944.

If one looks at the Farm Income Chart, which the Bureau of Agricultural Economics has just published, there is almost a steady increase since 1935, although notably the big advances have occurred since 1941. Normally, increased marketings would be associated with relatively low prices, but high farm income during the war years has been due largely to especially favorable prices even with expanding production. For the period from January through November cash receipts from farm marketings amounted to $18,430 million which is 6% above the income for the first eleven months in 1943. The result of all this is that almost for the first time since 1932, everyone, including those in Washington, is pointing to the high prices for agricultural products, and many seem convinced that a change in policy may become necessary. Of course, high loans have been largely responsible for the inflation which has occurred, but even this would not have been possible except for the fact that tremendous quantities of wheat, and for that matter of other grains, were needed in our animal feeding program. We give below the average farm loans since their inception in 1938:

1928	1939	1940	1941	1942	1943	1944	1944 Revised.
53¢	64¢	65 1/2¢	98¢	$1.14	$1.23	$1.28	$1.35

It will be seen from the above that with each year bringing higher parity levels and the percentage being stepped up from 52% originally to 90% at the present time, the farmer has been well cared for. But it is just as evident that this cannot continue forever without repercussions. The recent conference at Washington, mostly with respect to cotton, has brought out some of the salient evils that have arisen when our prices have gone so far above world levels that exports could only be accomplished through subsidies, quotas, etc.

When our market opened this morning, prices were again quite firm. There was unquestionably government flour business overnight, and more hedges were taken out of the market. From a statistical point of view, there are no very important changes from week to week. Since July 1st, or for a period of twenty-two weeks, we have exported about 48 1/2 million bu wheat from this country, and in a shorter period, since the crop statistics in Canada date from August 1st, we have imported 69 million bu wheat from that country. Some of it may be here for winter storage, some of it re-exported, but the largest share will probably be used for feed. In addition to this, we have taken 36 1/2 million bu oats, 20 1/2 million bu barley, and slightly over 2 million bu rye. Canada's total wheat exports for the season are 93 million bu, indicating that we have been the best customer of theirs thus far. As we reach the period when another Argentine crop will soon be available, it is timely to glance at their situation, at least briefly. The wheat crop may not exceed 200 million bu, but yet with an exportable surplus of 202 million bu, total supplies are entirely adequate. It is assumed that about 36 3/4 million bu, which are earmarked for shipment to Spain under a barter agreement of last June, may be cleared sooner or later, and besides Argentina hopes to sell substantial quantities of her grain surplus in the European market, although fears exist that there may not be sufficient shipping space to carry on all the business which might otherwise take place.

Primary receipts of wheat were light amounting to only 1,046,000 bu compared with 1,797,000 bu last week, and 1,946,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 492,000 bu. When the visible supply is posted Monday it will compare with last year's shrinkage of 5 1/2 million bu.

Toward mid-session it was announced that 51,000 bu of rye had been delivered at Minneapolis on December contract. This was not particularly large, but some thought it might be a forerunner of more to come, and markets having been somewhat overbought there was a selling wave here, with stop-loss orders uncovered on the way down.

Rye declined the most, but it also carried other cereals to lower levels. Bookings of corn were over 300,000 bu, but it seems some of the elevators are paying good prices now, apparently covering cash commitments against recent sales for Lend-Lease.

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CHICAGO, 4

December 11, 1944.

The winter wheat crop is making good progress in most sections of the country, and the moisture situation is just the reverse of last year, when it was so dry during the germinating period, and remained rather unfavorable during most of the winter months. Last season's big crop may be attributed to propitious moisture which came in the spring with such intermittent regularity that everything turned out well, despite the poor start. Yet it is much more gratifying to see the proper early developments, and with the good overnight moisture mostly in the form of snow which occurred in the Central States and in the East, this had some influence upon our markets this morning, particularly the new-crop months, which are selling at about as high as next year's loan would be if based on present parity levels.

Nobody can be sure whether the loan program will be extended, despite the vote of Congress to have it in force for two years following the cessation of hostilities both in Europe and in the Pacific. It seems that outside factors which had previously not been reckoned with are coming more to the foreground. As was brought out in the recent cotton conferences, we have now arrived at a point where a substantial part of the foreign market for cotton has been lost, and subsidy payments have been instituted to finance exports. Furthermore, due to high prices at home, certain synthetic fabrics have become so competitive that even the Secretary of Agriculture spoke of the plight of this commodity if the present program is continued. In his own words, "Government purchase and sale of all raw cotton might eventually result." This he rejects, and in its place has suggested that cotton should sell at the same price domestically and abroad, and that supplemental payments on an ascending scale should be made to farmers for a few years to enable them to finance a shift in part or in whole to other production. We believe that most economists agree that producers should not expect to have their high wartime incomes guaranteed, and furthermore, that the general public will not stand for as much control in peacetime as it did during the war. Having had the experience of artificial stimuli since 1929, we appreciate that once controls start they simply lead to more and more methods of experimentation which history has shown in the past has always been doomed to failure. The trouble is that short-time gains appear attractive, and too often secondary consequences are completely overlooked.

The CCC has given new figures on the amount of wheat impounded. We now have 160 million bu under the loan compared with 122 million bu last year, but 339 million two years ago. The increase for the week was only about one million bu, which shows that farmers are not very aggressive in this respect. Two years ago for the week there was an increase of 14 million bu. Producers have between now and December 31st to take advantage of these loans, and in the meantime, pressure from the country is rather light, but we figure that after the turn of the year it should increase. There has been a fair amount of activity with the Army buying heavily during the past week or so, but there is no further purchasing plan scheduled for the immediate future, and normal flour business remains rather quiet.

The primary movement of wheat was small, but little attention was paid to it. Chicago stocks for the week showed a further decrease of 304,000 bu, leaving a total of slightly over 6 million bu. here. However, bonded stocks increased 346,000 bu, and there is at the present time 1,387,000 bu of this wheat here in Chicago. Rye stocks locally decreased only 54,000 bu, but there was more of an increase in the bonded stocks; in the two positions there is still more than 9 1/4 million bu total.

Markets were rather firm but indifferent. The cash situation seems to be strong, and December wheat remains very firm. However, from time to time there is some selling of the new-crop positions. Without any particular buying December rye ran up sharply. There is still a large open interest of about 5 1/2 million bu, and thus far there have scarcely been any deliveries.

The oat basis was somewhat easier, but there was very little feature in this cereal, except that it ruled firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Dec. 12, 1944.

We have always stressed the importance of Britain as a potential wheat buyer, owing to the fact that in normal times she takes about half the wheat which Europe imports, and is, therefore, a paramount factor. During the war her grain acreage has been greatly expanded. The total area sown to all grain crops has increased some 4 million acres since 1939, which is an increase of about 80%, and the land now under seed is at the highest level for all time. This large expansion was made at the expense of permanent pastures and grasslands which show a decrease of about 6.5 million acres during the period. Of course, such a shift could only have been achieved in response to wartime needs in order to reduce Britain's dependence on shipments from overseas. The big question is whether such a trend will continue during the post-war period, or whether the acreages will gradully be returned to a more normal basis.

At the outset we should like to call attention to the fact that the climate in England is a treacherous one and not suited to wheat-growing on a large scale, even though the results during the war have been very satisfactory to the extent that a wheat crop of 128 million bu was procured in 1943, which supplied between 40 and 50% of home requirements. This last season farmers were less fortunate, because heavy rains delayed the harvest and lodged many of the heavier fields. As a result, there were serious losses through shedding and sprouting in the shock. Some of the wheat was of poor quality and farmers were disgruntled over the price received through no particular fault of theirs, but in any case the wheat was unmillable and too rank to secure full payment. Under these circumstances, it is quite possible that there will be some reduction already for the 1945 season, and should prices decline, we have every reason to feel that the Minister of Agriculture will have some difficulty in getting farmers to grow wheat when the same men working in a factory could probably earn enough to import the grain at a fraction of the cost and leave a margin for the purchase of other necessities. Of course, nobody can be sure to what extent subsidies may be used in Britain until their financial status improves, and doubtless the nation is willing to make some sacrifices to put farmers back on their feet. We rather feel that for a few years at least large crops may be sought just as a precaution for maintaining military security and building up some reserves.

Primary receipts of wheat were light, and amounted to only 1,217,000 bu compared with 1,680,000 bu last week, and 2,548,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 4,000 bu.

With no pressure on our markets, and the OPA wheat ceiling probably to be raised before the end of this week there was a little flurry in the December future, with scattered short covering. Thus far there have been no deliveries, and there is still a fairly large open interest of nearly 3 1/2 millionbu. We would rather welcome the announcement of a higher ceiling, as in the Southwest the wheat going into the loan and paying charges for six months could not be profitably redeemed under the present scale. Thus, we feel that a more liberal allowance should have been granted weeks ago. At the last prices showed an advance of 7/8¢ per bu for the December wheat, while other futures were 1/8 ¢ per bu lower to 1/8¢ higher.

Rye was reasonably strong at times. There was no large volume of trading, probably the same as yesterday. The main interest seems to center in the December future, with 5 1/2 million bu still open, and the cash rye at Chicago is mostly in concentrated hands. We presume, however, that if the nearby future sells at a little further premium over May, there will be some inducement to longs to sell out.

Bookings of corn were more liberal, and the weather has improved.

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CHICAGO, 4 December 13, 1944.

There can be little doubt that high prices stimulate production in all agricultural countries, and another example is afforded by the Mexican corn crop, which is now being harvested, and which is now expected to cover domestic requirements and possibly may provide a surplus. The area sown was over 10 million acres, which is the largest ever recorded. Prospects for the current crop were more promising earlier in the season when private estimates ran as high as 116 million bu. However, due to serious damage caused by September storms, the yield has probably been cut to 88 million bu. This is not an official estimate but in any event it has been mentioned by officials to be about correct, and compares with normal requirements of about 80 million bu. Any surplus which develops will probably be kept in the country as a reserve, but the chances are that no imports will be necessary during the coming season, while last year Mexico took a fair amount of corn from the Argentine and some from us, owing to the fact that she had a small outturn at that time.

It was announced a week or ten days ago that farmers in the Argentine would be guaranteed higher minimum prices for their wheat than last year. The price has now been fixed by Argentine authorities at the American equivalent of 72¢ a bu, which is the highest level at which prices in that country had been supported since their guarantee system was started. Under the provisions of the contract, the wheat must be sacked and delivered on board cars at Buenos Aires; thus the actual bulk price is probably not quite as high as represented and the return to farmers at the port of exportation would probably be somewhat less than 70¢ a bu, and is quite a different matter from our loan which is based on parity, and which figures about twice as much when it is taken into consideration that these loans are made on wheat at the farm. Broomhall is inclined to believe that the Argentine government is gradually trying to get out of the grain business, or at least to reduce its commitments to growers. The cost of the many price-liquidating schemes has been ruinous, and the government is now telling growers that they must organize themselves and develop an efficient marketing system of their own. About six weeks ago, the Ministry of Agriculture issued a decree by which farming cooperative societies were to be set up, with the object of permitting growers to commercialize their crops. Insofar as one can learn, membership in this corporation is to be compulsory, although the Ministry will probably be represented on the Board and will have a semi-official structure. However, it does not appear as though the business or fiscal activities will be underwritten financially by the government.

Before our market opened this morning, announcement from Washington told of the 4¢ increase in wheat ceilings made permissible at once, and we welcome this move, having previously pointed out that it should now permit impounded wheat which remains frozen for a period of six months, and which pays the various carrying costs, to be redeemed profitably. There were some places in the Southwest where previously the old ceiling had prevented this. Consequently a good deal of wheat might have been defaulted except for the change that has been allowed. Futures at Chicago may now sell as high as 177 3/8 a bu, and while there was no immediate anxiety ahead, there has been a different situation both Northwest and Southwest, where cash wheat has actually been hugging ceiling levels.

Primary receipts of wheat were very light, amounting to only 766,000 bu. This compared with 899,000 bu last week and 1,655,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 210,000 bu.

The feature today was mainly in corn. Bookings from the country ran approximately 700,000 bu. This had a depressing influence even on the December delivery, which up to now has been gaining ground on the deferred months. Weakness also spread to rye, and while there have been no tenders of consequence on December contract, this cereal was reasonably weak at times, probably for the reason that the cash demand is still very slow and the main support comes from traders.

Wheat had a fairly firm undertone considering the lower prices in surrounding pits. The fact of the matter is that high protein wheat Southwest and Northwest has about advanced to the higher ceilings and this in our opinion may prevent immediate declines.

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CHICAGO, 4 Dec. 14, 1944.

Well-known economists have realized for some time that we have politically engineered a farm prosperity boom of extraordinary magnitude. They have likewise been fearful that it would not be possible to avoid a radical deflation of this boom later on. De-control like control must be planned and vigorously carried through if it is the course that is chosen. But one thing seems certain to us: namely, that current levels of farm prosperity are too abnormal to persist.

At the recent cotton meetings at Washington, it was pointed out that our own agricultural policies constituted the biggest single barrier to our export program, and certain groups alone have been responsible for insisting on high and still higher farm prices, regardless of the urgent need for holding inflation in check. It is, therefore, most gratifying that Secretary Wickard and the Department of Agriculture seem to be of like mind. A plan has been put forth, which if adopted, would involve a change in the administration's farm program. The Secretary has stated that there is a limit to the extent to which the government can purchase and hold wheat to keep prices high. He is, of course, mindful of the fact that under existing legislation, there is a guarantee to producers that for at least two years after the war, parity income shall be maintained; but he also is fully cognizant of the fact that we are trying to dispose of our surplus wheat and flour in world markets through export subsidies, which the officials have termed only a "stop-gap." Previously objections had been voiced by the Department of State, and they apparently wanted to eliminate subsidies in order to avert an international price war on wheat. It is not yet clear just what method of procedure will be suggested to the Congress next January under Mr.Wickard's plan. However, it was pointed out that if the wheat crop in a given year were a billion bushels, but if only 500 million were needed for flour and other food requirements, the government might guarantee wheat growers a parity price on 50% of their crop. Consequently, prices would be competitive with other export nations, and moreover, by having the markets free, open, and competitive, it might also encourage a greater domestic consumption than would otherwise be possible. As is generally acknowledged, the amounts used for bread and cereals are more or less constant, but on the other hand, the quantities which might be used for feed or for commercial alcohol and other non-food products are greatly affected by price. This is fully understood by the government and by the cotton people with respect to the competition from rayon and other fabrics in the demand for cotton.

Thus there is again recognition that the laws of supply and demand are paramount, and any interference with the normal order of things is bound to bring about a chaotic condition. We believe that if markets portray actual conditions, based on domestic and international affairs, and the farmer is given a direct reimbursement if prices fall to levels that are regarded as dangerously low, we can accomplish much more than through all the other artificial stimuli, particularly of withholding surpluses indefinitely from normal commercial channels, or else dumping them abroad.

Primary receipts of wheat were again light, amounting to only 1,080,000 bu compared with 1,530,000 bu last week, and 1,514,000 bu last year. Minneapolis and Kansas City stocks so far this week show a total decrease of 381,000 bu.

There was very little discussion of anything today, except the new agricultural plan, and while it is far from being enacted into law, there is at least the feeling now that many officials in Washington prefer normal market prices to prevail, so that we shall have resumption of export trade in the post-war era, as well as a level at home which will not interfere with consumptive demand. May and December wheat were a little slow in reacting, but finally gave considerable ground in sympathy with the weakness in the new-crop months. Should we finally carry over 325 million bu wheat next July, of which 125 million might be free, nobody will be anxious to carry this grain into the next crop if a large and definite loss confronts him. Therefore, May wheat cannot be entirely divorced from July even if the plan goes through.

Rye, corn, and oats were all weaker in sympathy with wheat, although there was some support on breaks due to the uncertainties still ahead.

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CHICAGO, 4 December 15, 1944.

Time passes quickly, and half the crop-year is nearly over. During twenty-three weeks of the season, or since July 1st, we have exported slightly over 50 million bu wheat, which would suggest that for the full year our shipments would exceed 100 million bu. This is more than our quota under the International Wheat Agreement, although it must be borne in mind that some of the clearances at the present time are to take care of our men in service, and some flour is doubtless being set up as a reserve in Britain for later use. Since August 1st, or for a four-weeks shorter period, we have imported 72 1/2 million bu wheat from Canada, or almost 50% more than has left the country. The latter, however, is mostly to take care of our feeding program, and probably accounts for the fact that the general demand for CCC wheat from feeders is rather slack. We have also imported 37 1/4 million bu oats from our Northern neighbor, together with 21 1/2 million bu barley, and 2 1/2 million bu rye. Again, we point out that had it not been for our large takings, Canada would have had a rather poor year for wheat exports. In nineteen weeks, she has shipped only about 95 million bu, of which 72 1/2 million was to the United States. Therefore, the demand from other countries must be extremely moderate. It is rather peculiar that we hear so much of Argentina's inability to ship owing to lack of ocean tonnage, etc., but in examining the figures we find that since August 1st, wheat and flour shipments from that country were about 31 million bu, or practically the same as last year. The pre-war average for the same period was only 34million bu. Thus, the present business being accomplished is almost as large as in peacetime. Of course, a good deal of this grain may be destined to neighboring countries, but there is always a certain amount needed by Brazil and other South American countries.

Next Monday we shall have a crop report revising the figures on last summer's wheat yields. However, it is not likely that there will be much change from the earlier estimate of 1,108 million bu. Two days later, the government will also publish an estimate of next year's winter wheat crop based on the present condition. This will undoubtedly be much more favorable than the report a year ago when the condition of the crop was only 69% of normal and the indicated yield was down to 527 million bu.

The reaction to Secretary Wickard's proposals yesterday was somewhat mixed. The farm groups are, of course, opposing any change from the present system, and while this may not be entirely general, the American Farm Bureau Federation urged the retention of farm parity prices in the post-war period. We can understand their reason for favoring high prices, and there is still some doubt whether Secretary Wickard's proposals will go through in the present form. At least there are apt to be many debates in Congress, with the farm groups probably prefering the present high loan and other artificial stimuli to continue. We believe, however, that the government officials recognize the futility of trying to maintain war prices when peace comes. In the meantime, there are going to be many uncertainties, many arguments, and, therefore, the period immediately ahead becomes more difficult to forecast.

Primary receipts of wheat were again light, amounting to only 975,000 bu compared with 1,046,000 bu last week, and 2,209,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 461,000 bu. When the visible supply is posted on Monday, we expect a shrinkage; it will compare with last year's decrease of 1,182,000 bu.

Markets were without much trend, and it is difficult, until we know the outcome of legislation, to have very firm convictions. Meanwhile, normal flour business is of limited volume, but there seems to be some government orders passing, and at times today a fair amount of hedges were taken out of the pit, which was a sustaining influence. At the last wheat prices showed an advance of 1/4 to 1/2¢ per bu.

Bookings of corn were more moderate, and it seems when the basis declines farmers show reluctance to sell. The corn-hog ratio at Chicago was about unchanged from the previous week, being 12.5 now vs. 12.6 then. Still it is more favorable than last year when the ratio was down to 11.6.

Rye was likewise strong and weak, depending on the character of orders which came into the pit. The December future is about 2¢ over May, but many people believe that some of the cash rye at Chicago has been hedged, and there may be deliveries a little later on, although these may not come until after the cessation of December trading on December 21st.

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CHICAGO, 4 December 18, 1944.

We do not claim to have any inside information as to the agricultural policies that may be adopted in the post-war period, and we doubt very much whether anyone else is too well advised on such matters; but at least it is gratifying to believe that the thinking of our administrators has become very realistic. They are now talking facts and figures when they go into the field to discuss agricultural problems. Secretary Wickard in his talk at St. Paul last week turned to a consideration of wheat statistics which would face producers after the war. After stating that wheat shared with cotton the problems of a traditional export crop, whose foreign markets have been greatly curtailed during recent years, and that since 1931, our exports of wheat have averaged only 30 million bu a year, passing the 100 million-bu mark only twice, he turned to the problem of post-war needs. "Indications," he said, "are for about 500 million bu of wheat in this country for food." Then he mentioned 75 million bu or so needed for seed and perhaps 65 to 80 million bu as our share of world wheat exports, or a total of only 650 million bu. Assuming that we should raise a crop of 800 million bu, it would leave 150 million bu for feeding or for industrial purposes. From that point he analyzed the portion upon which price was definitely a determinant, as in the past only insignificant quantities were needed for industrial purposes. It is significant that he should point out that while our granary reserves, being kept at full capacity, served a purpose, everyone knows that once the granary is full, no more reserves can be accumulated. Thus we had the experience of having to grow less, which is again a reminder that only the war brought a reprieve, and that this will not last indefinitely.

In reviewing the pre-war years, he pointed out, "All of us remember how acreage allotments, price supporting loans, and marketing quotas helped farmers pull themselves out of the terrible depression of the early '30's. Those measures proved invaluable, but they were not the final answer to the long-time wheat problem, for we also remember the mounting wheat supplies." Among some of the remedies that might be applied, he further stated, "We could have a policy by which wheat farmers would receive a parity price for an amount of wheat equal to domestic consumption for food; and to accept a lower price for any wheat they chose to grow in excess of their share of the home market." Thus no one can be altogether certain that the loan program will be continued indefinitely, and there is even some chance of a change next summer if the arguments are sufficiently strong to influence Congress to make such a change in our agricultural policy.

Primary receipts of wheat were a little better, they amounted to 1,318,000 bu compared with 1,187,000 bu last week, and 2,768,000 bu last year. When the visible supply of wheat was posted it showed a decrease of 3,160,000 bu; total stocks in all positions are slightly less than 136 million bu, but this is still 16 1/2 million larger than the amount on hand a year ago. Chicago stocks decreased 238,000 bu, plus 40,000 bu in the bonded supply; the total of both domestic and bonded wheat here is 7 1/4 million bu.

Markets were lower at the start, and it was somewhat surprising to see the weakness in wheat this morning owing to the slightly less favorable war news in Europe, but nevertheless there had been very little flour business over the weekend, and consequently no hedges to be taken out; also the short interest had been pretty well covered. At present levels markets are a little more two-sided, and this would be particularly true if anything should happen to terminate the loan program at the end of this season.

Corn bookings from the country were a little more substantial, and since shipments cover a 30-day period, farmers now feel they are selling during the 1945 calendar year. Nevertheless, the market ruled firm.

Rye was a little easier early, but the visible supply decreased 304,000 bu, and there was little buying. Otherwise, not much of interest. December contracts are liquidating slowly, and this may mean deliveries after trading ceases December 21st.

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December 19, 1944

After the close of the market yesterday, the government published revised crop estimates for various grains, and there were a few surprises furnished, mainly with respect to corn, in which there was a reduction of 30 million bu from the preliminary estimates, and a similar reduction for wheat, making the total for spring and winter crops 1,078 millionbu; but this is still the largest yield on record, and the same refers to corn. It is a rather unusual incident that both the wheat and the corn crops turned out so well, and we do not believe that there are many occasions when bumper crops of both are harvested in the same year. In any case, the weather was very propitious, and taking all feed grains together, we find there is about 261 million more raised than a year ago, so that in conjunction with fewer animals on the farms, this is a very fortunate circumstance, particularly in wartime. The rye crop turned out very poorly - only 25.8 million bu, which compares with an earlier estimate of 27.5 million bu, and a normal crop of about 40 million bu. But even this reduction did not have much market effect owing to the fact that we had a substantial carryover, and at the present time our consumption is greatly reduced because the government no longer insists that rye be used as an admixture for industrial alcohol. Under the circumstances, the government report as a whole had very little influence, and we presume that after a few days it will be more or less forgotten. Moreover, we are to have another federal report tomorrow, and this will give us the December condition of the winter wheat crop and the probable yield for next summer. It is to be expected with the favorable weather and ample moisture situation a somewhat bearish picture will be disclosed.

The CCC announced the amount of wheat under loan. At the present time there is 162 million bu impounded, and the increase was only 2 million bu during the past eleven days. A year ago same date 124 million bu had been frozen, so that by comparison this year's quantity seems rather large. However, two years ago there was 365 million bu under loan. We doubt very much whether the totals for the present year will exceed 200 million bu.

The bookings of corn from the country were liberal, and now that farmers compute their sales on basis of next year's delivery so that income tax considerations are less of a worry, we figure that the movement will keep up fairly well. The principalindustry here in Chicago pulled out of the cash market, still prices for corn ruled rather firm early and with the probability that corn will be permitted to be used by distillers during the liquor holiday in January, it is very likely that demand for the time being at least will be more or les constant. However, the distillers have undoubtedly purchased a fair amount of their requirements already.

We mentioned in our letter a few days ago that the Argentine government had guaranteed a minimum price for wheat producers and we now learn that flour prices are to be maintained at their present level. Mills will be required to use 70% old wheat in milling operations, and the old-crop grain will be supplied to mills by the Liquidating Board at about 70¢ a bu. There is yet no official estimate of the new crop, but private forecasts range from about 180 to 200 million bu. There may have been a little recovery, however, following the recent timely rains.

Primary receipts of wheat amounted to 1,370,000 bu compared with 1,217,000 bu last week and 1,969,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 64,000 bu.

The nearby futures in both wheat and rye remain relatively firm. With only two more trading days, deliveries thus far have been negligible, although we note that there are intentions in Minneapolis to deliver an additional 78,000 bu wheat and probably a small quantity of rye. For the time being we see very little trend to the wheat market. There continue to be too many uncertainties, but if the crop report tomorrow is bearish, it may act as a reminder that the present price of July wheat is still very high. At the last, values were 1/2 to 5/8¢ per bu lower.

Corn finally yielded some ground after being firm early, and the same was true of rye and oats. There was fair local buying from time to time but not on a very broad scale.

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CHICAGO, 4 December 20, 1944

After the close of the market today, we shall have the government report dealing with next year's winter wheat crop. It is rather interesting to look back a year to see what the condition was at that time. They figured then on an acreage of 47,127,000 acres, and estimated the production at 526 million bu, owing to the fact that the condition was very low, being only 69% of normal; thus a yield of 11.2 bu per acre. The government also figured that the abandonment would be 21.9%, but the way it actually turned out, we harvested 40,714,000 acres. The yield was 18.8 bu per acre on the acres standing for harvest, and we actually had a production of 764 million bu. This was almost a phenomenon. It would not be safe to count on a recurrence in one out of thirty years for the reason that the condition at the start of the season was so poor it required almost perfect weather during the spring and summer months to give us good crops. It is somewhat encouraging, therefore, that on practically the same winter wheat acreage which was planted a year ago, the condition will undoubtedly be very much higher, and even then there is some question as to whether we can equal the 1944 crop. At least it will be interesting to see how the government figures it this afternoon, based on normal conditions prevailing between now and harvest, which after all is the only way it can be reckoned in December with all the hazards still ahead.

As for rye, the condition last year was 76% of normal, and the acreage was 4,922,000 acres, although we actually harvested only 2,254,000 acres. This, however, is not so unusual, as a good deal of the rye which is sown is not intended to be harvested. This should also be borne in mind when today's figures are published.

Other news pertaining to markets was rather scarce. There had been some government flour business overnight, and apparently hedges were taken out of the pit. There will be only one more session before December contracts are terminated, and since there have been practically no deliveries here in Chicago since the first of December, most of the settlements have had to take place in the pit, with the holders having the advantage since there was no pressure. Consequently, no carrying charges as would ordinarily be the case when we have such big surpluses.

It is impossible to forecast whether from this point the initiative will be taken by longs or by shorts, but in wheat, for example, there has been a fair amount tendered on contract in Minneapolis. It is our belief that most of this wheat grades No. 2, which is not applicable on contracts here in Chicago. Therefore, with that market even at a shipping difference under Chicago, it would require No. 1 grade to be shipped here, and this in our opinion is apt to happen. So anyone remaining long after tomorrow would probably receive spring wheat in satisfaction of his contract. As for rye, the situation is a little more complex, and nobody knows for sure whether any of the longs who have been carrying cash rye for several years are in the mood to even up their commitments, or whether they will continue to carry the rye and pay carrying charges with the hope that a better demand may develop later on.

Primary receipts were less than a million bu. This was more than last week but compared with over 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 124,000 bu.

About mid-session WFA announced that it was considering a plan for getting rid of food surpluses through subsidy. Apparently it has in mind dealing mostly with perishable articles, but after all corn and wheat are in this category. As an example of what they have in mind, they point out that instead of supporting the domestic market whenever prices fell below the guaranteed level, which is presently the program of WFA, the agency would let prices drop to a lower specified mark, possibly 75% of parity, and then would make up the difference through direct payments, thus assuring farmers parity income. If such talk persists next January, it could easily have some influence on July wheat, and in fact, markets yielded to some extent today, with the weakness in stocks probably a factor, also. Last prices were unchanged to 1 1/8¢ per bu lower for the active months.

Corn was reasonably firm in spite of rather liberal bookings from the country.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Dec. 21, 1944.

The largest winter wheat crop that we ever raised in this country was in 1931, when production ran as high as 825 million bu. The second biggest crop was last year when we harvested 764 million bu; and now we have an estimate for next year's crop of 761 million bu, on a seeded acreage of 49 1/2 million acres. The condition of the crop is high, at 87% of normal, and very good results are looked for in the Southwest, with the forecast of 204 million bu for Kansas, 63 million bu for Oklahoma, 62 million bu for Texas, and 61 million bu for Nebraska. Notwithstanding the difficulties that farmers have had in the last few war years, our crop production in the past season just about equalled the all-time record set in 1942. Taking the production of all crops together, the results are 121% of the 1923-32 period, which seems to be the fairest comparison, as this was the pre-drought average, when conditions on the whole were about normal. It was, indeed, a great accomplishment on part of our producers, because in most of the country growing conditions were much less favorable than in 1942, and, moreover, there were fewer skilled men on the farms. Furthermore, the fall of 1943 was so dry that millions of acres of winter wheat sprouted unevenly, and some not at all, so that it took excessive moisture later on; in other words, from February to May to bring the plant through in such wonderful shape.

When our market opened this morning, prices were slightly lower, the bearish impact of last night's report being a factor, with the suggested wheat acreage 3 million greater than last year, and a condition materially higher. Also, there had been moisture in the Southwest, not heavy anywhere, but these snows in addition to what we have had will afford protection against zero temperatures, which are looked for. In today's market the trade paid more attention to the final settlement of December deliveries, and in all pits there was a strong undertone early. This was notably true in barley where longs were apparently liquidating on a gradually advancing market, and shorts were apparently at their mercy. December corn shot up to $1.17 per bu, a few minutes after the gong sounded, but fairly liberal offerings at that level caused an immediate reaction.

The first official estimate shows a smaller Argentine wheat crop than had been expected. They forecast 166 million bu compared with 249 million bu last year and 235 million two years ago.

Broomhall in discussing recent appropriations in the United States points out that the Commodity Credit Corporation appears to have been given a mandate to handle all surplus farm production, but in doing so it must come into competition with the established grain trade, which has little chance against an organization financed by public funds and not concerned with profits or losses. "The prices which CCC are now prepared to pay for wheat are so near the ceiling that futures transactions in wheat are already handicapped," he states, "and the usefulness of the market as an efficient hedging medium is thereby impaired."

Primary receipts of wheat amounted to 1,092,000 bu compared with 1,080,000 bu last week, and 1,780,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 200,000 bu.

Interest in December futures continued to the very last. This was true in all pits, and, therefore, was an influence on the deferred futures. Also at one time December wheat sold 8 1/2¢ over May, and at fabulous differences over the December futures at Kansas City and Minneapolis. However, the shortage of cars, the small amount of storage available here at Chicago, and shipping difficulties in general permitted an abnormally wide difference over those markets. In normal times we would hardly expect such action. After tomorrow grains will be trading on more routine news, and the question will be what grains will be worth next May in view of the large crops which have been harvested. Rather look for heavier offerings from the country after the first of the year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Dec. 22, 1944.

The carryover feeling from yesterday was somewhat bullish. First of all, the expiring contracts in December grains were all very strong. December rye had advanced the full permissible limit for one day's trade, and at the last the market was bid at $1.16 1/2, or, roughly , 8¢ over the May future. In wheat there was likewise an 8¢ premium for December over May, reflecting the high price being paid for cash wheat, and this led traders to believe that with smaller supplies next May, the situation would be equally strong at that time. As we analyze wheat, we feel that if this were not wartime, there could never have been such distorted relationships between Chicago and competitive markets. For example, December wheat in Minneapolis was actually 16¢ under Chicago, whereas freight and other charges would hardly amount to more than 9 or 10¢ per bu, depending on billing. At Kansas City, with freight about 2¢ per bu higher, their December future expired 13 1/2¢ under Chicago, which we believe is proof that with the shortage of freight cars, the inability to get quick loadings, lack of storage space here in Chicago, and the shortage of locomotive power; few shippers were willing to assume any great risks. Moreover, there were undoubtedly some longs here who would gladly have switched their contracts over to May, but for tax reasons they chose to accept a delivery instead, holding the grain until some period during 1945. So we are inclined to temper our views to some extent, wondering whether those considerations may change, at least for the time being, and we expect that during January farmers also less influenced by tax matters may sell more freely, and very often the period from January 10th is a bearish one until we run into crop scares.

It still remains to be seen how much of the 1944 wheat crop will be impounded. Our own guess is that not more than 200 million bu will go into the loan. That would leave 125 million bu free wheat in the hands of the trade next July, based on a carryover of 325 million bu, but until then it leaves also the amounts that are still to be consumed, and, therefore, much will depend on whether buyers or sellers assume the initiative.

When our market opened this morning, there was very little pressure. One of the large mills was apparently hedging in May wheat, and there was also some selling here presumably against purchases at Kansas City, but advances were rather easily brought about on comparatively small buying orders. The amounts of wheat currently being used for feed are considerably smaller than last year; and the January allocations are a little less than those for December, which shows there is not the great need for substitutes.

Looking at the available supplies in Canada, we find that Ft. William and Port Arthur stocks make a fairly good showing as compared with last year. This despite the fact that a good deal of grain has been shipped to the United States. At the present time, there is 26 1/2 million bu wheat in elevators at those ports compared with 11 million bu in 1943. Likewise, barley stocks are twice as heavy --4,320,000 bu versus a little over 2 million bu a year ago. The oat stocks are 3 million bu against 2 1/4 million bu last year, and this is not bad, as ordinarily a good deal of grain is moved from that country prior to the close of navigation.

Primary receipts of wheat amounted to 1,084,000 bu compared with 975,000 bu last week, and 1,350,000 bu last year. Minneapolis stocks so far this week show a net decrease of 243,000 bu. When the visible supply of wheat is posted Monday, it will compare with a shrinkage last year of 1,418,000 bu.

There was strength in all pits; no particular feature except as mentioned above. Traders still had in mind the great strength of the December futures yesterday. Rye was probably the strongest and it was reported that 100,000 bu cash rye was sold to distillers, with the result that the May future led the advance. In wheat the deferred months were strongest on short covering.

Every year at this time the government gives us information and data on what is called "The Pig Crop Report." They say that a continuation of the decline is in prospect in 1945, but at a lower rate. The fall pig crop of 1944 of 31,325,000 head is down 34% from the fall of 1943. When added to the spring pig crop of 55,428,000, which was down 25%, the total pig crop of 86,753,000 shows a reduction of 29%. The number of hogs over six months old on December last was sharply below the record number a year earlier. The total number of pigs in the country is now only 15% above the ten-year average.

We wish you all a VERY MERRY CHRISTMAS Uhlmann Grain Co.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Dec. 26, 1944.

The OPA has announced that certain canned goods and meats which had been ration free would be returned to the point system shortly. This, of course, brought more vividly to mind the fact that the war is still with us, insofar as our food program is concerned. Nevertheless, the nutritive value of the 1945 civilian food supply should continue almost as high as 1944. This can be done despite food commitments to our armed forces and allies. The quality of our national diet has improved considerably in the past twenty-five years. Increased milk consumption has meant more calcium and vitamin A; likewise, increased citrus fruit consumption more vitamin C. In more recent year, the victory gardens, especially those producing green and yellow vegetables, have also been a help, while the enrichment of white bread and flour is estimated to have increased vitamin B in this year's national diet by one-fourth, iron and niacin by one-fifth, and riboflavin one-seventh.

When our markets opened this morning, there was just no pressure from anywhere. Receipts over the double holiday were a little bit larger than they had been running but nothing very noticeable, and in the meantime Senator Thomas of Oklahoma, who is now Charimen of the Senate Agricultural Committee, has a new plan for revising the parity formula. Instead of taking the present base period, he wants to take the more inflationary years, from 1919 to 1929, when farm products in this country were practically at their peak. It is also his idea to include farm wages in the parity formula, and while this move is reported to have the backing of the American Farm Bureau Federation, we believe that a good many people are very largely concerned over the inflationary implications of trying to keep agricultural products from rising indefinitely; therefore, no one can be too certain whether we shall have such a change in our farm policy. Nevertheless, if the topic is sufficiently discussed, it may have a psychological effect upon farmers, who at the moment are in no eager mood for selling.

In the meantime, routine matters are having little consideration. In recent sessions the new crop futures of wheat have been the strongest, despite the optimistic crop report recently issued. Next year's winter wheat crop of 761 million bu, while only an estimat still has a fairly good chance of finding fulfillment, particularly when it is considered that the sown acreage is practically 50 million acres, which is larger than the ten-year average. Furthermore, winter wheat, although dormant, is still in excellent shape over wide areas. Likewise, the wheat crop produced this season, while cut from earlier estimates is still 70 million bu larger than the previous record crop produced in 1915, and judging from feeding operations the consumption will be considerably lower than last year.

Harvesting of wheat in the Argentine is about 50% completed and progress has been generally favorable. Early returns show yields to be satisfactory, although the last estimate showed a reduction from private figures, but we note that there is still talk of 200 million bu in some quarters, which would compare with 250 million last year, together with a carryover of old crop, which will probably be heavier than the previous year.

The wheat visible decreased 2,884,000 bu, leaving a total in all positions of 133 million bu, and nearly 15 million bu more than was on hand last year. The visible supply of rye decreased 250,000 bu, of which 104,000 was here in Chicago, still leaving 9 million bu, including a small quantity of bonded. The corn and oats visibles also decreased.

Markets had a very firm undertone all around. The war news was hardly better, and there is still a feeling that the European phase might extend well into 1945, and this had a somewhat bullish influence upon grains.

Rye and oats were really the strongest. All cereals reacted a little on profit-taking from the extreme high. Some attention in rye was focused on smaller acreages in North Dakota, and apparently rye distribution is undergoing some rather important changes. Formerly the Northwestern States, consisting of North Dakota, South Dakota, Nebraska, and Minnesota comprised 50% of what was sown in this country but this fall this has shrunk to 29% of the national total; North Dakota is only 15% of average. However, it may prove to be less important since other States have more or less made up the difference.

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CHICAGO, 4 December 27, 1944.

The German drive gained further ground, and the Axis Armies plunged deeper into Belgium and nearer to France, but nevertheless the tone of the news was somewhat brighter. The onslaught has not been completely repulsed, but at least it has been greatly slowed up, despite repeated German power thrust toward vital Allied supply lines. The weather has also improved to the extent that Allies planes have taken to the air, and the feeling is somewhat less tense. At the same time we have to figure now what the cost of a longer war may be and to what extent inflation of prices in post-war may increase. Certainly the idea of a general price deflation must be heavily discounted, and the longer hostilities last, the truer this becomes. There is every indication that price controls will be extended beyond June 30th of next year, and probably without much revision. But in any case with many articles becoming scarcer, pressure toward the upward limits may become even greater without further rationing.

When our market opened this morning, there were moderate reactions. Weather over the winter wheat belt was almost perfect. Additional moisture was reported in the Central States and it extended also into southwestern regions. With the stock market reacting further, there was a little selling in grains, but real pressure from the country was extremely light, although as an offset the milling demand was likewise very slow.

It is quite likely that feeding of wheat in Canada will be reduced during the current season, probably as much as 20 million bu, if the revised estimate of requirements is correct. This shrinkage is attributed to smaller needs for feeding in general, especially to hogs. Consumption under these circumstances will be about as follows: For food, 50 million bu; seed 30 million; feed, 73 million; and industrial uses 7 million. This would total 160 million bu, and is still considerably larger than in pre-war days owing to the fact that the amount of wheat for feed was relatively unimportant, before the war. In any case, the surplus available for export during the remainder of the season, or for carryover next August, is now placed at 563 million bu., as of November 1st. In spite of a much larger crop than in 1943, the present reserve is about 68 million bu smaller than a year ago, although the present rate of exports is also smaller.

What the demand will be for grains next summer is still somewhat obscure. Wheat has been successfully sown in Russia and winter cereals have been increased about 12 million acres, which is quite substantial, but against this there have been a good many reductions in other countries. In England and on the Continent, fall work was greatly hampered. Extraordinarily heavy rains caused extensive floods in some areas. Rainfall measurements have been so exceptional that in many localities it was impossible to either prepare the land or to get the wheat planted, and whenever that happens there is bound to be a reduction, although sometimes it is possible to favor spring oats or barley, provided labor is obtainable.

Primary receipts of wheat today were 1,057,000 bu compared with 911,000 bu last week, and 929,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 95,000 bu.

Trading in all pits was more or less of a dull affair throughout the session. Apparently there is very little flour business passing at the present time, as buyers are hesitant awaiting the new subsidy after the first of the year. The tone of the war news improved during the session. A statement was issued at noon by the Premier of Belgium, in which he stated that from information received from the Allied High Command, the situation is well in hand, and advances of the Germans westward has been contained with successful counter-attacks being carried on from the North and South. The last report led to a rally in the stock market, and grains firmed to finish about unchanged.

Although bookings of corn were light, commercial interests seem temporarily to back away in anticipation of a larger movement after the first of the year. There was also little news of interest in either rye or oats.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 28, 1944.

The principal overnight news was that pertaining to the European war. Reports, while still coming in late, were quite optimistic, and the indications are that the entire German southern flank for a distance of 35 miles to the German border was sagging under an infantry and armored attack menacing the Belgium bulge. The dispatches, however, told ofair support directly over the battlefields being endangered by a sleet storm, which was covering the region with ice. Allied forces north and south of the salient are within 20 miles of the junction that would cut off the enemy head, which has been thrust to within a few miles of the Meuse. Thus, it was not surprising that the stock market should gain impetus on the upside, but grains early were very little influenced, and as yet there is no sign of enlarged producer selling, and this may not come until after the first of the year.

On basis of the final government report, we must now deal with a wheat crop of 1,078 million bu. This is a reduction of 30 million bu from the earlier figure, but taken in conjunction with our carryover last July of 314 million bu, the total supply at the beginning of the season was 1,392 million bu. In the first twenty-four weeks of the season, we have exported about 53 million bu wheat and flour, including Army and Navy requirements, and the chances are that for the first six months it will be less than 60 million bu. On basis of prospective utilization, which may run as high as one billion bu for the year, we must also count on 500 million bu for the first half of the year, although, of course, this is not 100% accurate, owing to the fact that the winter wheat seed has already been accounted for in the fall sowing program. Furthermore, there are some reserves on hand, but nevertheless, as a basis of computation, we use this figure for the moment, and added to the exports of 60 million bu, plus about 200 million bu which will be frozen in the loan, it shows that there is definitely 760 million bu of the original supply, which is no longer pressing on the market. To this should probably be added some smaller amounts owned by the CCC or other governmental agencies, but in any case it leaves almost 600 million bu free wheat. Since the farmers can no longer avail themselves of the loan after December 31st, it is quite obvious that for the time being there is certainly no scarcity, except for the fact that there has been a decided holding tendency on part of farmers. Should there be some change in this direction after income tax problems are less of a factor, we might have a period of reaction, and much will depend upon the rate of producers' selling. Some look for an improvement in the flour demand after the January subsidies are announced, but we rather believe that from this period forward, it will be more or less of a hand-to-mouth affair, particularly as cash wheat in many districts is already close to ceiling levels.

According to the Department of Commerce at Washington, national income for 1944 will reach a new high of $159 billion, including wages salaries, etc. The net income of farm operators and other unincorporated business was practically unchanged from 1943. Consumers spent $97 billion for goods and services during the calendar period, this being a gain of 6% over the previous year, and it reflects some further increases in price, but there has been very little gain in volume.

Primary receipts of wheat were extremely light, amounting to only 574,000 bu; this compared with 1,092,000 bu last week, and 1,277,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 471,000 bu.

There was very little feature to wheat today; in spite of the small receipts everywhere, milling demand was still dull; in fact, almost a complete standstill, except that the government is buying limited amounts of flour for its foreces abroad, but even this is small in comparison with earlier business. As a matter of fact, mills are discouraging buying at the moment, because they figure on a sharply higher flour subsidy next month. Last prices were 1/8 to 5/8¢ per bu lower.

Corn was moderately weak and indifferent. Buyers are rather slow in taking on supplies, and weakness also affected oats. The strongest cereal on the board was rye. There seems to be great confidence here, and the fact that a few interests own practically all the cash supply in Chicago creates considerable tightness.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 29, 1944.

The war news was again of prime importance, and reports from London stated that optimism once again soared, with some Britishers believing that Von Rundstedt might be on the verge of a major disaster. Apparently the flanking position has worked, and if this is the case, it might be similar to pouring a heavy volume of water into a small bottleneck, where more is wasted than is contained. The Germans themselves admitted that their drive had been halted and that Allies were lashing back with furious counterattacks on both the northern and southern flanks. They, too, must realize that the blitzkreig days of 1939 and 1940 are a thing of the past. With this type of news it was only natural that the stock market, which opened before we did, should display some strength, and for the same reason grains, which had been bulled in recent sessions due to the possibility of a prolonged war, also eased, although there was very little pressure anywhere and recessions were moderate. There still seems to be a very bullish sentiment in rye. It remains to be seen, however, whether the distillers will continue to use this cereal, and possibly the sales from Chicago during the past few days will slow down. As for the longs, their position is not too enviable. Of course, if there should be a big upturn, some of the losses would be retrieved. When we look at the price of rye a year ago at $1.27 per bu, and realize that those who have been carrying cash rye have paid about 18¢ per bu for storage, insurance, interest, etc., they would obviously have been better off had they liquidated some months ago when the price reached the peak. Nevertheless, there seems to be a feeling that if the movement from the country continues light, and with a crop of only 25 million bu next year and small imports, these cash holdings by a small group may be enough to temporarily at least prevent sharp declines.

Just before our market opened this morning, the War Food Administration was reported to be making plans for the purchase and stock-pile of 50 million bu corn, apparently for the use of industrial processors who are making war materials. In the event of a shortage later on, they could draw upon this reserve without having to beg farmers to sell more freely as was the case last year. The trouble is, however, that to accumulate 50 million bu of any cereal requires a vast amount of storage space, and we doubt whether it could easily be found without causing congestion elsewhere. Furthermore, with a crop of 3,200 million bu, the largest ever raised, and with feeding operations on a smaller scale, we doubt very much whether it is so necessary to take such precautionary action at this time.

Milling business at the moment has practically halted; therefore, very few hedges are being taken out of the market. In fact, the reverse is probably true, as the government continues to sell high protein wheat to mills; and we see evidence of some selling of futures. There is some optimism, however, as to the probable expansion in the bookings immediately after January 1st. Should the flour subsidy schedules be stepped up by as much as 10¢ a bu to place rates in line with actual prices for cash wheat, it might bring in considerable business. It must also be remembered that unfilled flour orders are the smallest in months, and this makes it possible for considerable business, which, in our opinion, would strengthen May wheat relatively more than July. The latter is selling very close to next year's probable loan figure; therefore, is not too attractive.

Primary receipts of wheat were a little larger at 826,000 bu compared with 1,084,000 bu last week, and 1,255,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 595,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a decrease last year of 942,000 bu.

At times markets were weak. There was rather conspicuous selling of July rye by a commission house, but the market accepted this liquidation in good shape; and thereafter prices were able to stage a good comeback; in fact, the late strength in rye was instrumental in helping other cereals, with the result that wheat recovered factionally. The new crop futures gained some ground on May in spite of almost perfect weather over the belt:

Bookings of corn were over 300,000 bu; but yet the market while not overly active had a strong undertone, and closed higher.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Jan. 3, 1945.

With the new Congress convening, nobody can tell what further steps may be taken in support of agriculture. As one leading British authority points out, the United States farmers are rapidly becoming the most privileged in the world. In addition to soil conservation payments, acreage compensation for reduced sowings, there are loans at 90% of parity plus 15¢ a bu, also farm storage payments of 6¢ a bu and the liberty to sell grain in the open market prices when these bring a higher rate than the official guarantee. Now in addition to all these, the farmer is to have the benefit of crop insurance. When we look at the farm income during the past year, and figure that our legislators are fully aware of the present prosperous era, we wonder whether the arguments for higher parity will finally fall upon sympathetic ears. After all, this means more and more of a regimented economy, and even the farmers must be pursuaded by now that they have had to relinquish a part of their freedom in exchange for guaranteed loans and remunerative prices.

In the meantime, consumers, of course, have had to accept the view that the farmers were entitled to these high parity levels for their products. Thus, the cost of living has risen to a point where complaints have only been lessened due to the fact that large amounts of money are in circulation, and many of the other necessities of life are not now obtainable. In discussing these problems, Broomhall in one of his recent papers points out that while America is endeavoring by political and economic pressure to force an implementation upon other countries, we may find it easier to legislate for producers and consumers in our own country than for producers and consumers in other countries where there are very different ideas and very different economic and living standards. He says, for example, that it will not be so easy to convince the population of the United Kingdom and other importing nations that there is merit in parity prices or fixed remunerative prices, or that farmers producing a competitive article have a sanctioned right to receive such prices. He believes that most importers will have nothing to do with the dictatorship of the Wheat Agreement.

When our market opened this morning, prices were again relatively firm. It seems that there had been some flour business overnight; an eastern bakery chain had made purchases, and also, the Army had apparently taken care of some of its requirements with the result that hedges were removed, probably more of them being in the deferred months than in May. This strengthened July wheat considerably, and there was very little offset, since the movement from the country has not enlarged, and with more talk now of raising parity levels and possibly increasing next year's loan, there could be reluctance on part of producers to sell. Nevertheless, January 10th is the calendar period for selling, and it is not mere superstition that prices often decline at that time of year. Therefore, we feel that with the loan program working out more slowly than had been anticipated some caution must be exercised on these bulges. As of December 23rd, only 166 million bu wheat was impounded, and it now looks as though the total would not exceed 175 million bu, as there is only one more week of data missing, and farmers are no longer able to take advantage of the loans.

Primary receipts of wheat amounted to 1,079,000 bu compared with 574,000 bu last week, and 1,199,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 37,000 bu. The visible supply of wheat decreased over 4 million bu.

Trade in wheat was fairly active. Prices were higher, and as mentioned before,most of the buying came in the new-crop futures. At the last advances ranged from 1/2 ¢ to 1 1/2¢ per bu.

Corn and oats were rather moderate. It seems that we are on an import basis on oats from Canada, and a fair amount has been bought the past week to come all-rail to Duluth. There are also offerings for shipment to Buffalo for the opening of navigation. This tempered somewhat local sentiment, and oats ran contrary to the rest of the list.

Rye was little affected this time by reports that another liquor holiday in April might be granted for distillers. Late prices, however, were firm in sympathy with wheat, the deferred months gaining most ground.

UHLMANN GRAIN CO.